

CBRE VALUATION & ADVISORY SERVICES



# APPRAISAL REPORT

THE RUINS  
315 EAST KEMP  
WATERTOWN, SOUTH DAKOTA 57201  
CBRE FILE NO. 21-164MW-3177-1

RED RIVER STATE BANK

**CBRE**

VALUATION & ADVISORY SERVICES



11213 Davenport Street  
Omaha, NE 68154

T 402-697-5860  
F 402-697-5859

[www.cbre.com](http://www.cbre.com)

Date of Report: May 13, 2021

Mr. Martin Peterson  
Commercial & Ag Loan Officer  
RED RIVER STATE BANK  
114 N. Mill Street  
Fertile, Minnesota 56540

RE: Appraisal of: The Ruins  
315 East Kemp  
Watertown, Codington County, South Dakota 57201  
CBRE, Inc. File No. 21-164MW-3177-1

Dear Mr. Peterson:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject is a proposed mixed-use 63-unit multi-family mid/high rise property to be located at 315 East Kemp in Watertown, South Dakota. The property will consist of a single, four-story apartment building with podium garage parking (64-stalls) and 4,162 square feet of commercial retail space. The improvements are expected to be completed June 2022 and will be situated on a 0.40-acre site.

The subject is proposed and is not stabilized. Therefore, we have also estimated the subject's market value at completion of construction and at stabilized operation values.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

| MARKET VALUE CONCLUSION |                    |               |                  |
|-------------------------|--------------------|---------------|------------------|
| Appraisal Premise       | Interest Appraised | Date of Value | Value Conclusion |
| As Is                   | Fee Simple Estate  | May 4, 2021   | \$520,000        |
| As Complete             | Fee Simple Estate  | June 4, 2022  | \$10,730,000     |
| As Stabilized           | Fee Simple Estate  | March 4, 2023 | \$11,140,000     |
| Compiled by CBRE        |                    |               |                  |

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

Mr. Martin Peterson

May 13, 2021

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The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



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Scott Mausbach  
Senior Appraiser  
Certified General Real Property Appraiser  
State of South Dakota No. 1439CG  
Phone: +1 4025041406  
Fax: 402-697-5859  
Email: Scott.Mausbach@cbre.com



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Chris Jenkins, MAI, AI-GRS, CCIM  
Director  
Certified General Real Property Appraiser  
State of South Dakota No. 1210CG  
Phone: +1 515 2733390  
Fax: 402-697-5859  
Email: Chris.Jenkins@cbre.com

**CBRE**

Mr. Martin Peterson

May 13, 2021

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A handwritten signature in blue ink, appearing to read "Josh Luther", is positioned above a horizontal line.

Josh Luther, MAI

Vice President

Licensed: SD-1021CG; MN-40473521;

IA-CG03527

Phone: 605.201.0684

Email: [josh.luther@cbre.com](mailto:josh.luther@cbre.com)

**CBRE**



## Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of South Dakota.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. As of the date of this report, Chris Jenkins, MAI, AI-GRS, CCIM and Josh Luther, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.
10. As of the date of this report, Scott Mausbach has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.
11. Scott Mausbach has, Chris Jenkins, MAI, AI-GRS, CCIM and Josh Luther, MAI have not made a personal inspection of the property that is the subject of this report.
12. Justin Hodge provided significant professional appraisal assistance to the persons signing this report. Mr. Hodge assisted in report preparation, market analysis, and assisted in each of the approaches to value utilized within the attached report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Scott Mausbach, Chris Jenkins, MAI, AI-GRS, CCIM, and Josh Luther, MAI have not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding agreement to perform this assignment.




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Scott Mausbach  
Senior Appraiser



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Chris Jenkins, MAI, AI-GRS, CCIM  
Director



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Josh Luther, MAI  
Vice President

## Subject Photographs



Aerial View



Subject Rendering





Street view facing north



Street view facing south



Representative view of site facing northeast



Representative view of site facing north



## Executive Summary

|                                  |  |                              |
|----------------------------------|--|------------------------------|
| <b>Property Name</b>             | The Ruins  |                              |
| <b>Location</b>                  | 315 East Kemp<br>Watertown, Codington County, SD 57201 |                              |
| <b>Parcel Number(s)</b>          | 9352   |                              |
| <b>Client</b>                    | RED RIVER STATE BANK                                   |                              |
| <b>Highest and Best Use</b>      |  |                              |
| As If Vacant                     | Mixed-use/Multifamily                                  |                              |
| As Improved                      | Mixed-use/Multifamily                                  |                              |
| <b>Property Rights Appraised</b> | Fee Simple Estate                                      |                              |
| <b>Date of Inspection</b>        | May 4, 2021  |                              |
| <b>Estimated Exposure Time</b>   | 3 - 6 Months   |                              |
| <b>Estimated Marketing Time</b>  | 3 - 6 Months   |                              |
| <b>Primary Land Area</b>         | 0.40 AC  | 17,251 SF                    |
| <b>Zoning</b>                    | C-1, Community Commercial                              |                              |
| <b>Improvements</b>              |  |                              |
| Property Type                    | Multifamily  | (Multi-Family Mid/High Rise) |
| Number of Buildings              | 1  |                              |
| Number of Stories                | 4  |                              |
| Gross Building Area              | 100,908 SF   |                              |
| Net Rentable Area                | 55,495 SF  |                              |
| Number of Units                  | 63   |                              |
| Average Unit Size                | 881 SF   |                              |
| Year Built                       | 2022   |                              |
| Effective Age                    | 0 Years  |                              |
| Remaining Economic Life          | 50 Years   |                              |
| Condition                        | New  |                              |
| <b>Buyer Profile</b>             | Investor-Local   |                              |
| <b>Financial Indicators</b>      |  |                              |
| Current Occupancy                | 0.0%   |                              |
| Stabilized Occupancy             | 96.0%  |                              |
| Stabilized Credit Loss           | 0.25%  |                              |
| Estimated Lease-up Period        | 9 Months   |                              |
| Overall Capitalization Rate      | 5.50%  |                              |
| <b>Pro Forma Operating Data</b>  | <b>Total</b>   | <b>Per Unit</b>              |
| Effective Gross Income           | \$843,259  | \$13,385                     |
| Operating Expenses               | \$224,712  | \$3,567                      |
| Expense Ratio                    | 26.65%   |                              |
| Net Operating Income             | \$618,547  | \$9,818                      |

| <b>VALUATION</b>                     |                      | <b>Total</b> | <b>Per Unit</b> |
|--------------------------------------|----------------------|--------------|-----------------|
| Land Value                           |                      | \$520,000    | \$8,254         |
| <b>Market Value As Complete On</b>   | <b>June 4, 2022</b>  |              |                 |
| Cost Approach                        |                      | \$10,720,000 | \$170,159       |
| Sales Comparison Approach            |                      | \$10,610,000 | \$168,413       |
| Income Capitalization Approach       |                      | \$10,830,000 | \$171,905       |
| <b>Market Value As Stabilized On</b> | <b>March 4, 2023</b> |              |                 |
| Cost Approach                        |                      | \$11,130,000 | \$176,667       |
| Sales Comparison Approach            |                      | \$11,030,000 | \$175,079       |
| Income Capitalization Approach       |                      | \$11,250,000 | \$178,571       |

| <b>CONCLUDED MARKET VALUE</b> |                           |                      |              |
|-------------------------------|---------------------------|----------------------|--------------|
| <b>Appraisal Premise</b>      | <b>Interest Appraised</b> | <b>Date of Value</b> | <b>Value</b> |
| As Is                         | Fee Simple Estate         | May 4, 2021          | \$520,000    |
| As Complete                   | Fee Simple Estate         | June 4, 2022         | \$10,730,000 |
| As Stabilized                 | Fee Simple Estate         | March 4, 2023        | \$11,140,000 |
| Compiled by CBRE              |                           |                      |              |

## STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

### Strengths/ Opportunities

- New construction
- Located in the Watertown Central Business District
- Ground floor retail and a lease with City of Watertown
- Underground parking

### Weaknesses/ Threats

- Small market location
- Potential for new competition entering market

## EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”<sup>1</sup> The proposed property improvements were not complete as of the inspection date. Therefore, numerous extraordinary assumptions must be used in developing the as complete and as stabilized opinions of value. The use of extraordinary assumptions is reasonable for this appraisal assignment and produce credible appraisal results. If any of the extraordinary assumptions are found to be false, the as completed market value is subject to change and CBRE and the responsible appraiser reserve the right to amend the

<sup>1</sup> The Appraisal Foundation, USPAP, 2020-2021

appraisal report accordingly. The use of the following extraordinary assumptions may have affected the assignment results.

The as complete opinion of value is based on the following extraordinary assumptions:

- Construction of the proposed improvements is complete per plans and specs herein. Further, it is assumed the project will be completed on time and within budget, commensurate with competing properties in the area.
- A certificate of completion/occupancy has been issued by the appropriate regulatory agency for the pre-leased space.
- The development is fully entitled and permitted for the construction of the improvements as specifically described herein. The general contractor has obtained all permits, licenses, and all other governmental approvals relating to the proposed site improvements. Furthermore, the general contractor has complied with all federal, state, county and municipal laws, codes and regulations and has paid all costs and expenses incurred with such compliance.
- Preleasing during construction results in an occupancy rate of 50.0% at construction completion.

The as stabilized opinion of value is based on the following extraordinary assumptions:

- As of the as stabilized date, the property has achieved stabilized occupancy.
- The units are leased at substantially the same lease structure and have a lease rate equivalent to or exceeding the market rent forecasted herein.
- The forecasted stabilized expenses are similar to actual expenses.

## HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purposes of analysis.”<sup>2</sup>

- None noted

## OWNERSHIP AND PROPERTY HISTORY

| OWNERSHIP SUMMARY          |           |
|----------------------------|-----------|
| Item                       | Current   |
| <b>Current Ownership</b>   |           |
| County/Locality Name:      | Codington |
| <b>Pending Sale</b>        |           |
| Under Contract:            | No        |
| <b>Listing</b>             |           |
| Currently Listed For Sale: | No        |
| Compiled by CBRE           |           |

<sup>2</sup> The Appraisal Foundation, USPAP, 2020-2021

The property previously sold in June 2019 for \$417,040. This was the former site of Palace Apartments, a 1920, 36-520 square foot apartment building. Demo of the building as well as removing all asbestos for an additional cost of \$157,000 for a total sale price of \$507,000. We are unaware of any additional ownership transfers of the property in the last three years. Further, the property is not reportedly being offered for sale as of the current date.

At this point it is necessary to reconcile between the June 2019 purchase price of \$417,040 and our "as is" market value estimate of \$520,000 concluded herein. The variance is significant and results from the following factors:

- The cost to demo existing improvements (29,216 square foot, 47-unit multi-family building,)
- Market Conditions (time)

Given this information, we believe the variance between the previous sale price and our market value conclusion is reasonable.

### EXPOSURE/MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

- exposure/marketing time information from the PwC Real Estate Investor Survey.

The following table presents the information derived from these sources.

| EXPOSURE/MARKETING TIME DATA   |                         |        |         |
|--|-------------------------|--------|---------|
| Investment Type  | Exposure/Mktg. (Months) |        |         |
|  | Range                   |        | Average |
| PwC Apartment  |                         |        |         |
| National Data  | 1.0                     | - 12.0 | 5.3     |
| CBRE Exposure Time Estimate  | 3 - 6 Months            |        |         |
| CBRE Marketing Period Estimate   | 3 - 6 Months            |        |         |
| Source: CBRE National Investor Survey, RealtyRates.com Survey & PwC Real Estate Survey |                         |        |         |

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## Scope of Work

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

### INTENDED USE OF REPORT

This appraisal is to be used for financing and no other use is permitted.

### CLIENT

The client is RED RIVER STATE BANK.

### INTENDED USER OF REPORT

This appraisal is to be used by RED RIVER STATE BANK. No other user(s) may rely on our report unless as specifically indicated in this report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.<sup>3</sup>

### PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property.

### DEFINITION OF VALUE

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;

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<sup>3</sup> Appraisal Institute, The Appraisal of Real Estate, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. <sup>4</sup>

## INTEREST APPRAISED

The value estimated represents the Fee Simple Estate as defined below:

Fee Simple Estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. <sup>5</sup>

## Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- legal description

## Extent to Which the Property is Inspected

CBRE performed a full inspection of the subject site from the adjoining right of ways, as well as its surrounding environment on the effective date of appraisal.

## Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data

## Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

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<sup>4</sup> Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

<sup>5</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015), 90.

## Data Resources Utilized in the Analysis

| DATA SOURCES          |   |
|-----------------------|---|
| Item:                 | Source(s):  |
| <b>Site Data</b>      |   |
| Size                  | Provided Plans, Codington County Assessor's Office, Inspection                  |
| <b>Improved Data</b>  |   |
| Building Area         | Provided Plans  |
| No. Bldgs.            | Provided Plans  |
| Parking Spaces        | Provided Plans  |
| Year Built/Developed  | Provided Plans  |
| <b>Economic Data</b>  |   |
| Deferred Maintenance: | n/a   |
| Building Costs:       | Owner's Construction Budget, Marshall & Swift, Market Extracted Comparable Data |
| Income Data:          | Owner's Pro Forma, Market Extracted Comparable Data                             |
| Expense Data:         | Owner's Pro Forma, Market Extracted Comparable Data                             |
| Compiled by CBRE      |   |

## APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

### Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

### Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

### Income Capitalization Approach

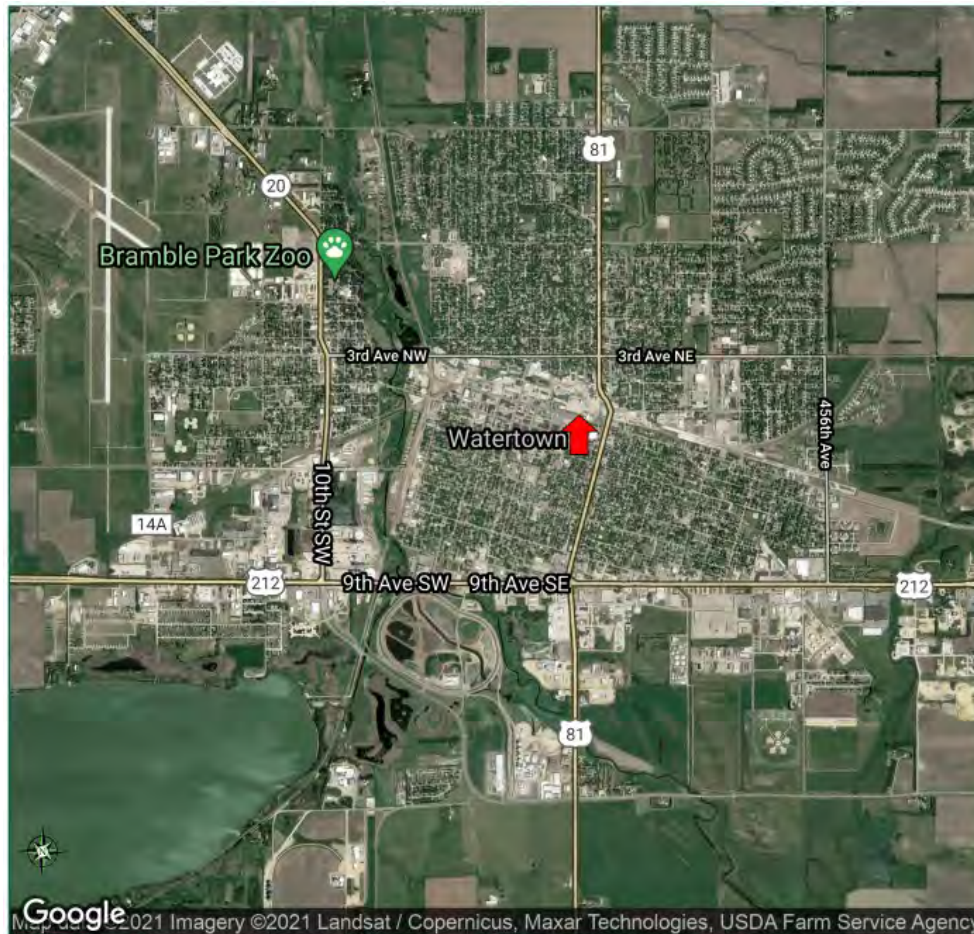
The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two

common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

#### **Methodology Applicable to the Subject**

In valuing the subject, all three approaches are applicable and have been utilized.

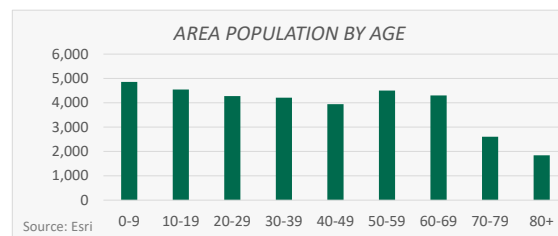
## Area Analysis



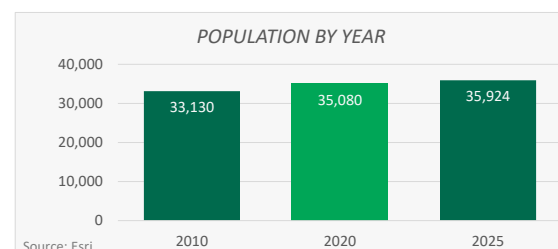
The subject is located in the Watertown, SD Micropolitan Statistical Area. Key information about the area is provided in the following tables.

### POPULATION

The area has a population of 35,080 and a median age of 39, with the largest population group in the 0-9 age range and the smallest population in 80+ age range.



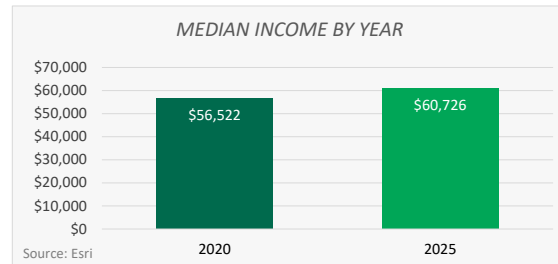
Population has increased by 1,950 since 2010, reflecting an annual increase of 0.6%. Population is projected to increase by an additional 844 by 2025, reflecting 0.5% annual population growth.





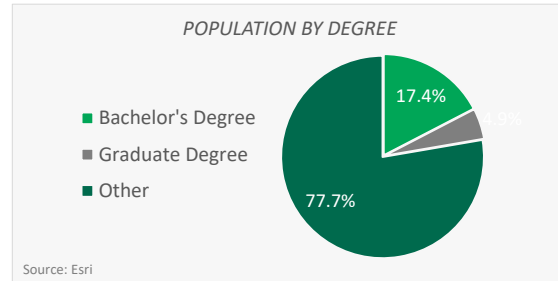
## INCOME

The area features an average household income of \$74,755 and a median household income of \$56,522. Over the next five years, median household income is expected to increase by 7.4%, or \$841 per annum.

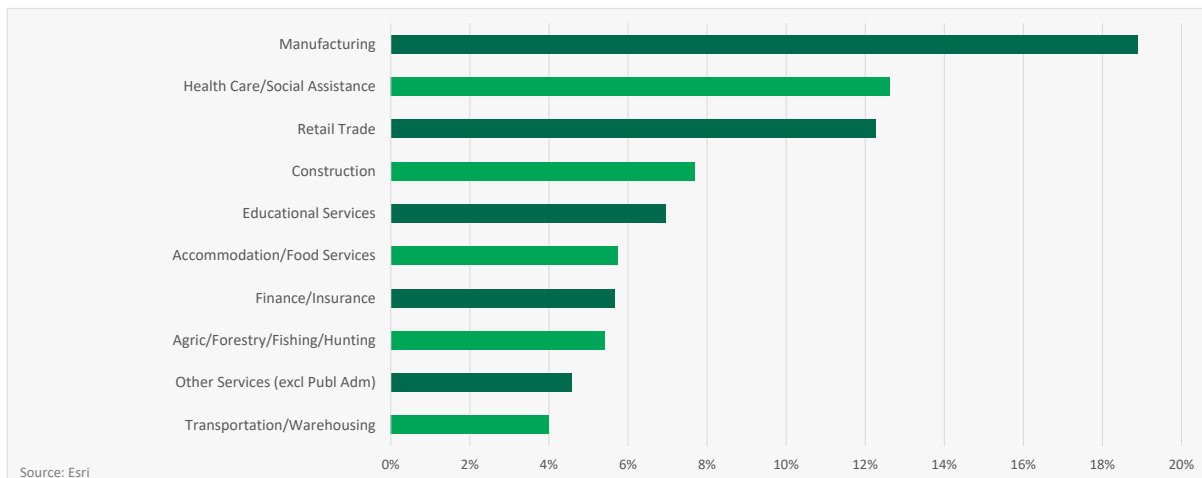


## EDUCATION

A total of 22.3% of individuals over the age of 24 have a college degree, with 17.4% holding a bachelor's degree and 4.9% holding a graduate degree.



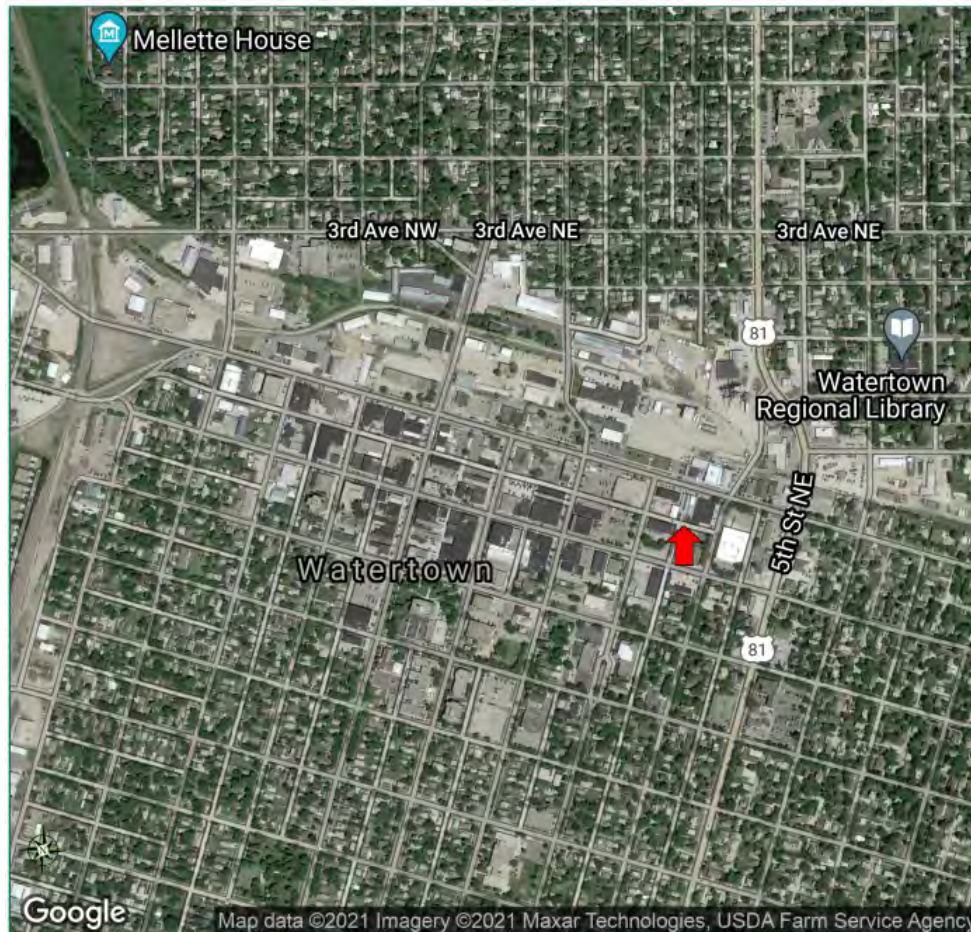
## EMPLOYMENT



The area includes a total of 19,361 employees and has a 4.9% unemployment rate. The top three industries within the area are Manufacturing, Health Care/Social Assistance and Retail Trade, which represent a combined total of 44% of the population.

In summary, the area is forecasted to experience an increase in population, an increase in household income, and an increase in household values.

## Neighborhood Analysis



### LOCATION

The subject is in the city of Watertown and is considered a suburban location. The city of Watertown is situated in southeast Codington County, and is located within the Central Business District.

### BOUNDARIES

The neighborhood boundaries are detailed as follows:

|        |                           |
|--------|---------------------------|
| North: | South Kampleska Boulevard |
| South: | 1 <sup>st</sup> Avenue SE |
| East:  | 5 <sup>th</sup> Street NE |
| West:  | 3 <sup>rd</sup> Street SW |

### LAND USE

The subject property is located in downtown Watertown near the intersection of 4<sup>th</sup> Street NE and Kemp Avenue East. This intersection is on the east side downtown Watertown and has a "main

street” style development with older commercial buildings with shared common walls and street parking. The surrounding commercial uses generally include local restaurants, shops, offices, banks, libraries, museums and other services. Highway 212 is the primary commercial corridor as is I-29.

## **GROWTH PATTERNS**

Growth has occurred within Watertown over the past few years, specifically multifamily apartment projects. These projects include:

- 36-unit Parkside Place (2021)
- 72-unit 55+ Living Generation on 1<sup>st</sup> (2021)
- 39-unit The Lofts (2020)
- 72-unit The Oaks (2019)
- 88-unit One Willow Creek (2016) and Two Willow Creek (2018)

Additionally, there is a municipal airport on the northwest side of the city and two large lakes on the western side of the city. Watertown enjoys access to Interstate 29 approximately 1.75 miles east of the city.

## **ACCESS**

The subject is located in the Watertown Central Business District and has good access to Highways 81 and 212, as well as Interstate 29.

## **DEMOGRAPHICS**

Selected neighborhood demographics in 1-, 3- and 5-mile radius from the subject are shown in the following table:

### SELECTED NEIGHBORHOOD DEMOGRAPHICS

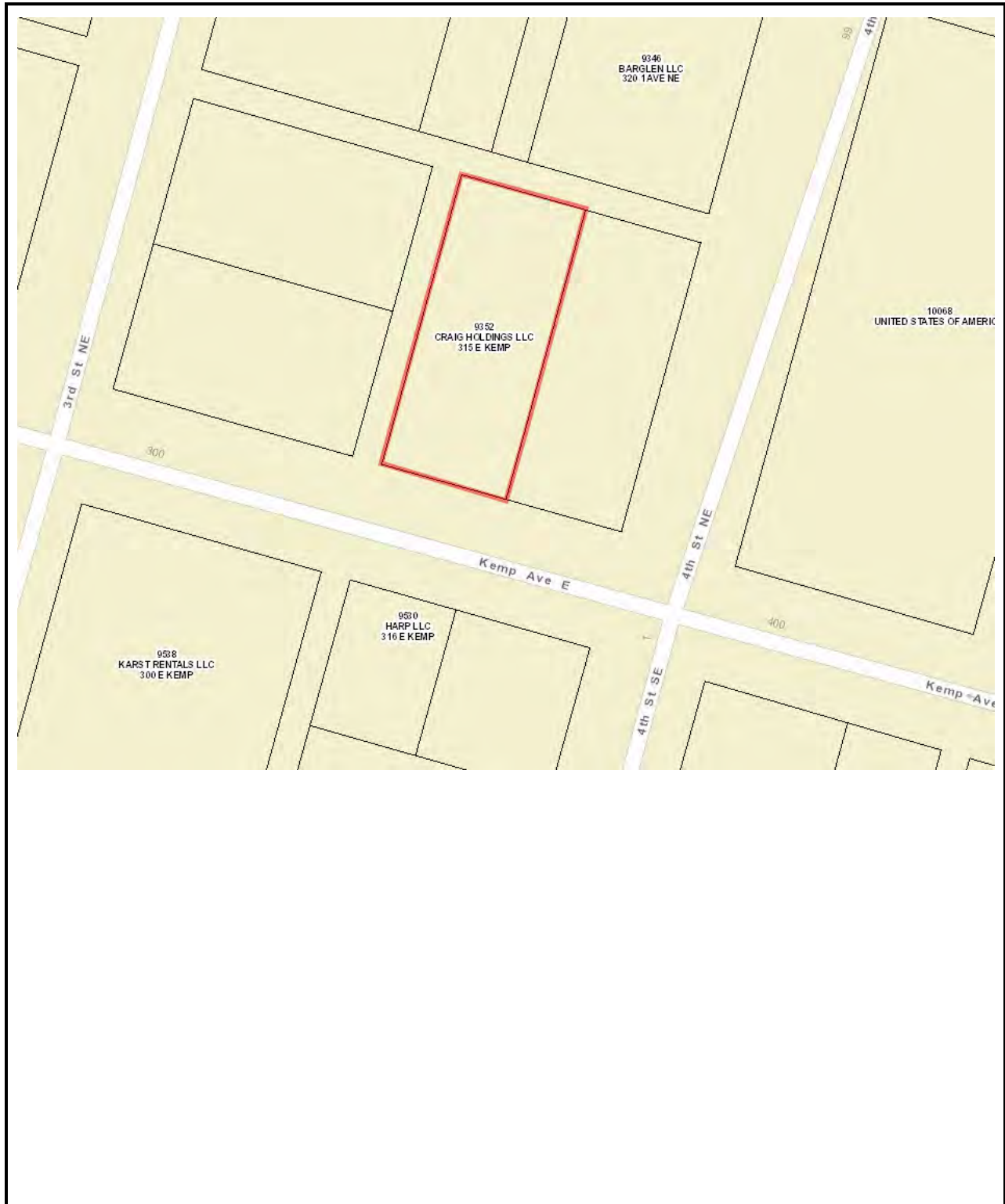
| 315 East Kemp<br>Watertown, SD 57201     | 1 Mile Radius | 3 Mile Radius | 5 Mile Radius | Watertown, SD<br>MSA |
|--|---------------|---------------|---------------|----------------------|
| <b>Population</b>                        |               |               |               |                      |
| 2025 Total Population                    | 10,472        | 21,567        | 23,735        | 35,924               |
| 2020 Total Population                    | 10,360        | 21,074        | 23,161        | 35,080               |
| 2010 Total Population                    | 10,243        | 19,972        | 21,868        | 33,130               |
| 2000 Total Population                    | 10,239        | 19,033        | 20,814        | 31,437               |
| Annual Growth 2020 - 2025                | 0.22%         | 0.46%         | 0.49%         | 0.48%                |
| Annual Growth 2010 - 2020                | 0.11%         | 0.54%         | 0.58%         | 0.57%                |
| Annual Growth 2000 - 2010                | 0.00%         | 0.48%         | 0.50%         | 0.53%                |
| <b>Households</b>                        |               |               |               |                      |
| 2025 Total Households                    | 4,934         | 9,525         | 10,362        | 14,937               |
| 2020 Total Households                    | 4,854         | 9,264         | 10,065        | 14,525               |
| 2010 Total Households                    | 4,721         | 8,652         | 9,367         | 13,540               |
| 2000 Total Households                    | 4,557         | 7,885         | 8,504         | 12,405               |
| Annual Growth 2020 - 2025                | 0.33%         | 0.56%         | 0.58%         | 0.56%                |
| Annual Growth 2010 - 2020                | 0.28%         | 0.69%         | 0.72%         | 0.70%                |
| Annual Growth 2000 - 2010                | 0.35%         | 0.93%         | 0.97%         | 0.88%                |
| <b>Income</b>                            |               |               |               |                      |
| 2020 Median Household Income             | \$42,961      | \$50,305      | \$51,714      | \$56,522             |
| 2020 Average Household Income            | \$56,639      | \$68,724      | \$70,256      | \$74,755             |
| 2020 Per Capita Income                   | \$26,294      | \$30,348      | \$30,710      | \$30,982             |
| 2020 Pop 25+ College Graduates           | 1,289         | 3,173         | 3,535         | 5,291                |
| Age 25+ Percent College Graduates - 2020 | 18.1%         | 22.1%         | 22.4%         | 22.3%                |

Source: ESRI

## CONCLUSION

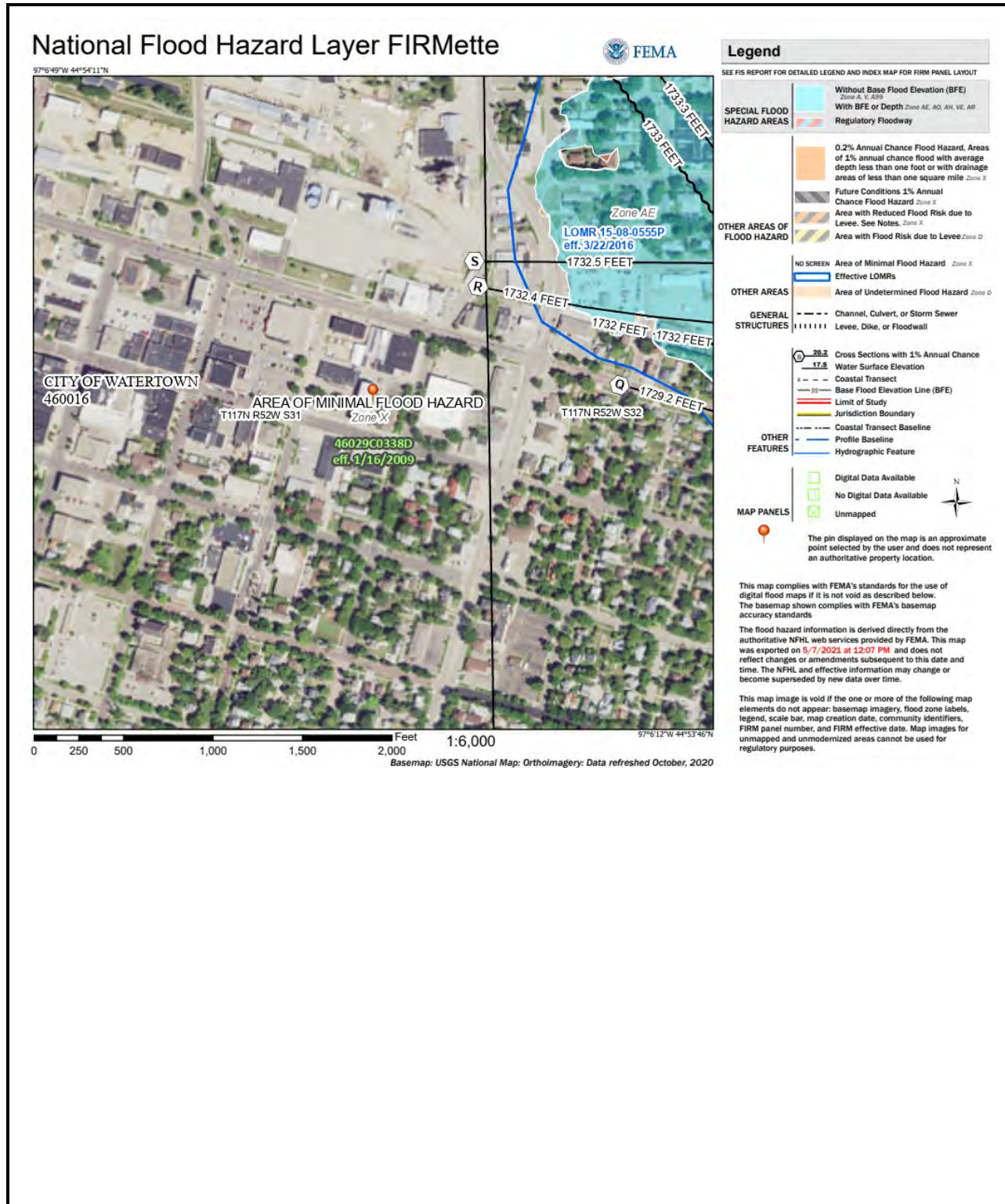
The city of Watertown has witnessed moderate growth over the past few years. The subject property is adequately situated for a mixed-use/multifamily project in the Central Business District of Watertown with close proximity to restaurants, retail, and other services. The neighborhood is best described as established with limited growth anticipated.

## PLAT MAP





## FLOOD PLAIN MAP



## Site Analysis

The following chart summarizes the salient characteristics of the subject site.

| SITE SUMMARY AND ANALYSIS                |                                 |                        |                            |
|--|---------------------------------|------------------------|----------------------------|
| <b>Physical Description</b>              |                                 |                        |                            |
| Gross Site Area                          | 0.40 Acres                      | 17,251 Sq. Ft.         |                            |
| Net Site Area                            | 0.40 Acres                      | 17,251 Sq. Ft.         |                            |
| Primary Road Frontage                    | East Kemp                       | 87 Feet                |                            |
| Average Depth                            | n/a                             |                        |                            |
| Excess Land Area                         | None                            | n/a                    |                            |
| Surplus Land Area                        | None                            | n/a                    |                            |
| Shape                                    | Rectangular                     |                        |                            |
| Topography                               | Generally Level                 |                        |                            |
| Parcel Number(s)                         | 9352                            |                        |                            |
| Zoning District                          | C-1, Community Commercial       |                        |                            |
| Flood Map Panel No. & Date               | 46029C0338D                     | 16-Jan-09              |                            |
| Flood Zone                               | Zone X (Unshaded)               |                        |                            |
| Adjacent Land Uses                       | Commercial and residential uses |                        |                            |
| Earthquake Zone                          | n/a                             |                        |                            |
| <b>Comparative Analysis</b>              |                                 | <b><u>Rating</u></b>   |                            |
| Visibility                               | Average                         |                        |                            |
| Functional Utility                       | Assumed Adequate                |                        |                            |
| Traffic Volume                           | Average                         |                        |                            |
| Adequacy of Utilities                    | Assumed Adequate                |                        |                            |
| Landscaping                              | Minimal                         |                        |                            |
| Drainage                                 | Assumed Adequate                |                        |                            |
| <b>Utilities</b>                         |                                 | <b><u>Provider</u></b> | <b><u>Availability</u></b> |
| Water                                    | Watertown Municipal Utilities   |                        | Yes                        |
| Sewer                                    | Watertown Municipal Utilities   |                        | Yes                        |
| Natural Gas                              | Watertown Municipal Utilities   |                        | Yes                        |
| Electricity                              | Watertown Municipal Utilities   |                        | Yes                        |
| Telephone                                | Midco, CenturyLink              |                        | Yes                        |
| <b>Other</b>                             |                                 | <b><u>Yes</u></b>      | <b><u>No</u></b>           |
| Detrimental Easements                    |                                 |                        | X                          |
| Encroachments                            |                                 |                        | X                          |
| Deed Restrictions                        |                                 |                        | X                          |
| Reciprocal Parking Rights                |                                 |                        | X                          |
| Source: Various sources compiled by CBRE |                                 |                        |                            |

## **INGRESS/EGRESS**

Ingress and egress are available to the site via a single curb cut along the north side of East Kemp Avenue leading to the podium garage parking. Additional on-street parking will be available.

## **EASEMENTS AND ENCROACHMENTS**

There are no known easements or encroachments impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

## **COVENANTS, CONDITIONS AND RESTRICTIONS**

There are no known covenants, conditions or restrictions impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a copy of the current covenants, conditions and restrictions, if any, prior to making a business decision.

## **ENVIRONMENTAL ISSUES**

Although CBRE was not provided an Environmental Site Assessment (ESA), a tour of the site did not reveal any obvious issues regarding environmental contamination or adverse conditions.

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

## **ADJACENT PROPERTIES**

The adjacent properties are typical Central Business District uses that include office, restaurant, retail, and mixed-use.

## **CONCLUSION**

The site is well located in the Watertown Central Business District and afforded average access and visibility from roadway frontage. The size of the site is typical for the area and use, and there are no known detrimental uses in the immediate vicinity. Overall, there are no known factors which are considered to prevent the site from development to its highest and best use, as if vacant, or adverse to the existing use of the site.

TRANSFORMER

14

16

LOADING DOCK

RESTROOMS

LOBBY

RENTAL OFFICE

RENTAL OFFICE

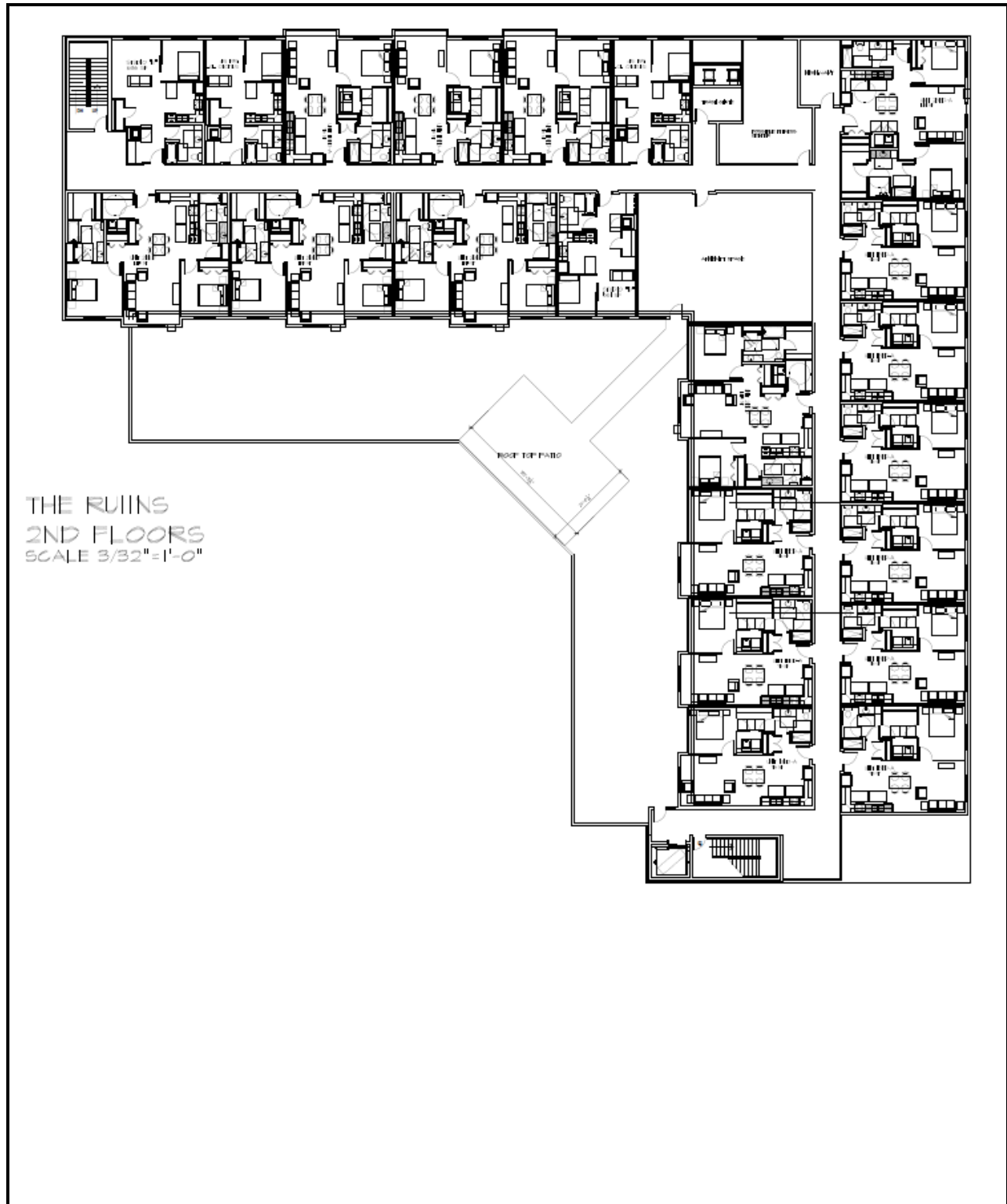
14

20

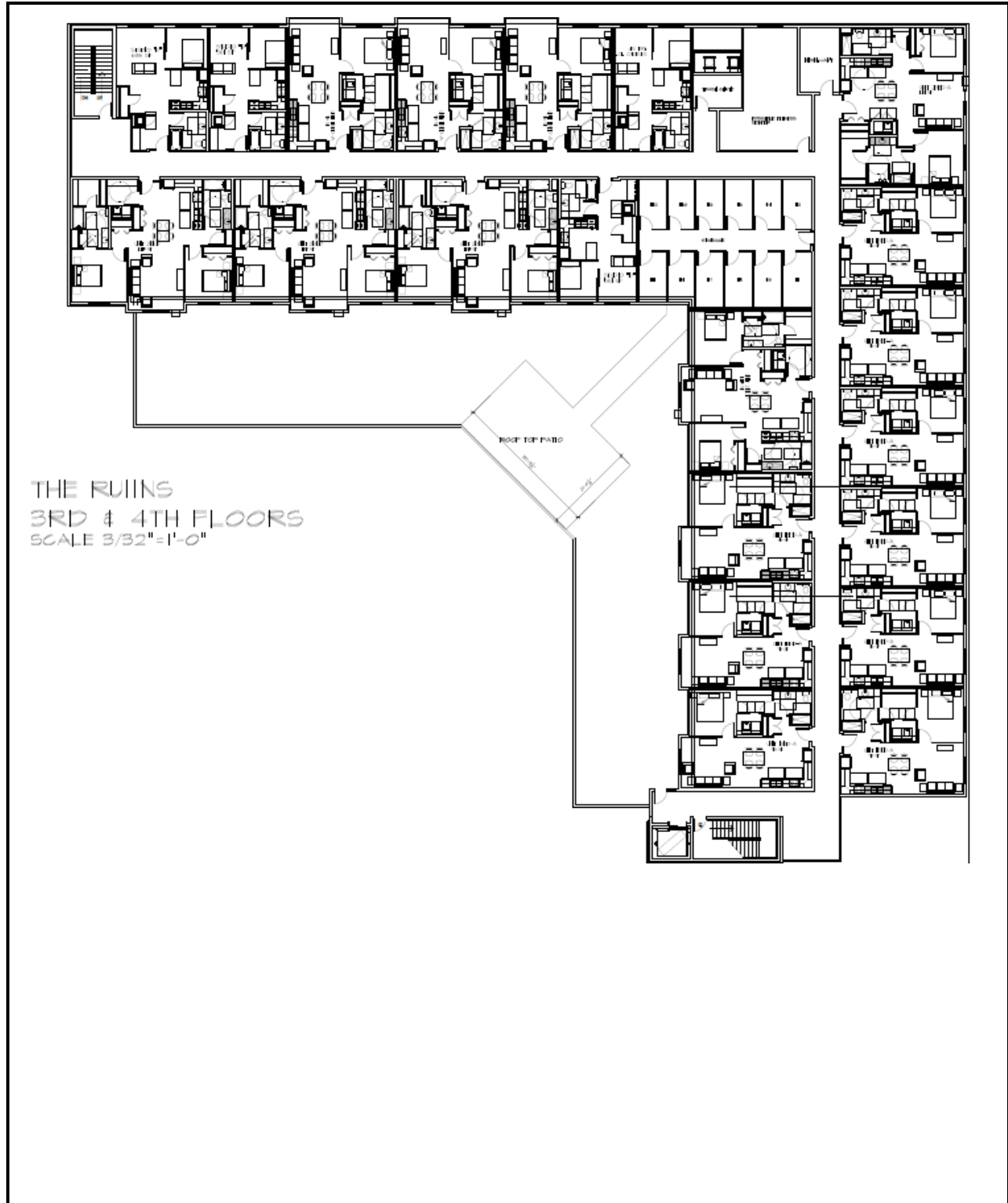
THE RUINS  
FIRST FLOOR  
SCALE 3/32" = 1'-0"

NORTH

## IMPROVEMENTS LAYOUT – SECOND FLOOR



## IMPROVEMENTS LAYOUT – THIRD AND FOURTH FLOOR



## Improvements Analysis

The following chart shows a summary of the improvements.

| IMPROVEMENTS SUMMARY AND ANALYSIS        |  |                              |
|--|--|------------------------------|
| Property Type                            | Multifamily  | (Multi-Family Mid/High Rise) |
| Number of Buildings                      | 1  |                              |
| Number of Stories                        | 4  |                              |
| Gross Building Area                      | 100,908 SF   |                              |
| Net Rentable Area                        | 55,495 SF  |                              |
| Area Breakdown by Market Rent Categories |  |                              |
| Retail Space                             | 4,162 SF   |                              |
| Bsmt - Parking Garage                    | 41,251 SF  |                              |
| Apartment Units                          | 55,495 SF  |                              |
| Number of Units                          | 63   |                              |
| Average Unit Size                        | 881 SF   |                              |
| Development Density                      | 159.1 Units/Acre   |                              |
| Subject Characteristics                  | Business Center, Fitness Center, Roof Deck / Terrace, Elevators, Fire Sprinklered, Flat Roofs, Ground-level Retail, Interior Corridors, On-Site Management, Under-building Parking, 8-Foot Ceilings, Carpeted Flooring, Ceramic Tile Flooring, Dishwasher, Garbage Disposal, Microwave Oven, Private Patios / Balconies, Quartz Countertops, Range / Oven, Refrigerator with Icemaker, Stainless Steel Appliances, Washer / Dryer and Washer / Dryer Connections |                              |
| Parking Improvements                     | Subterranean Structure   |                              |
| Parking Spaces:                          | 64   |                              |
| Parking Ratio (spaces/unit)              | 1.02   |                              |
| Year Built                               | 2022   |                              |
| Actual Age                               | 0 Years  |                              |
| Effective Age                            | 0 Years  |                              |
| Total Economic Life                      | 50 Years   |                              |
| Remaining Economic Life                  | 50 Years   |                              |
| Age/Life Depreciation                    | 0.0%   |                              |
| Functional Utility                       | Typical  |                              |

Source: Various sources compiled by CBRE

| UNIT MIX       |          |           |                  |                |
|----------------|----------|-----------|------------------|----------------|
| Unit Mix/Type  | Comments | No. Units | Percent of Total | Unit Size (SF) |
| Studio         |          | 12        | 19.0%            | 636            |
| 1BD/1Ba        |          | 36        | 57.1%            | 716            |
| 2BD/1Ba        |          | 15        | 23.8%            | 1,195          |
| Total/Average: |          | 63        | 100.0%           | 815            |

Source: Various sources compiled by CBRE

## YEAR BUILT

The subject is proposed and expected to be completed June 2022.



## CONSTRUCTION CLASS

Building construction class is as follows:

C - Masonry/concrete ext. walls & wood/steel roof & floor struct., exc. concrete slab on grade

The construction components are assumed to be in working condition and adequate for the building.

The overall quality of the facility is considered to be average for the neighborhood and age. However, CBRE, Inc. is not qualified to determine structural integrity and it is recommended that the client/reader retain the services of a qualified, independent engineer or contractor to determine the structural integrity of the improvements prior to making a business decision.

## FOUNDATION/FLOOR STRUCTURE

The foundation is assumed to be of adequate load-bearing capacity to support the improvements. The floor structure is summarized as follows:

Ground Floor: Concrete slab on compacted fill

Other Floors: Plywood deck with light-weight concrete cover

## EXTERIOR WALLS

The exterior walls on the first floor will be precast concrete with brick veneer. The retail area will have store fronts of glass set in aluminum frames. The second, third, and fourth floors will be wood framed with a combination of masonry, stucco, and brick veneer.

## ROOF COVER

The subject will have a flat roof deck with built up composition.

## ELEVATOR/STAIR SYSTEM

The improvements will include one passenger elevator and two interior stairwells that will provide access to all four floors of the subject, including the parking garage.

## HVAC

The HVAC system is assumed it will be in good working order and adequate for the building.

## UTILITIES

Each unit is individually metered for electrical usage. Proposed operations indicate the landlord will be responsible for trash, water, and sewer costs to the individual units with the tenants paying all other utility costs.

## **LIFE SAFETY AND FIRE PROTECTION**

It is assumed the improvements have adequate fire alarm systems, fire exits, fire extinguishers, fire escapes and/or other fire protection measures to meet local fire marshal requirements. CBRE, Inc. is not qualified to determine adequate levels of safety & fire protection, whereby it is recommended that the client/reader review available permits, etc. prior to making a business decision.

## **PROJECT AMENITIES**

The project amenities include a first-floor parking garage, elevator, rooftop deck, and park views (select units). There is also a space on the first floor that will be dedicated to an amenity space with plans at a later date.

## **UNIT AMENITIES**

### **Kitchens**

Each unit will feature a full appliance package including an electric range/oven, vent-hood, frost-free refrigerator with icemaker, garbage disposal, dishwasher, and built-in microwave oven. Additionally, each unit will feature wood cabinets with granite countertops and LVT plank flooring in the kitchen area.

### **Bathrooms**

The bathrooms within each unit will feature combination tub/showers. Additionally, each bathroom will feature a commode, wood cabinet and built-in porcelain sink, vanity mirror and LVT plank flooring.

### **Interior Features**

Each unit will have brush nickel fixtures, LED lighting, and individual washers and dryers.

### **Patios, Balconies and Storage**

There will be private patios/balconies and additional storage units.

## **SITE AMENITIES**

### **Parking and Drives**

Parking for the subject will include a ground floor parking garage with 64 spaces, or one space per unit which is included in the rent. Additional parking will be available on-street.

### **Landscaping**

Landscaping at the subject is considered minimal.

## **FUNCTIONAL UTILITY**

All of the floor plans are considered to feature functional layouts and the layout of the overall project is considered functional in utility. Therefore, the unit mix is also functional, and no conversion is warranted to the proposed improvements.

## **ADA COMPLIANCE**

The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

## **FURNITURE, FIXTURES AND EQUIPMENT**

The apartment units are rented on an unfurnished basis. However, miscellaneous maintenance tools, pool furniture, leasing office furniture, recreational room and clubhouse furniture, and various exercise machines are examples of personal property associated with, and typically included in the sale of, multifamily apartment complexes. Our market value assumes any FF&E at the property would transfer if the property were to sell. This is consistent with how buyers and sellers analyze similar properties.

## **COMMERCIAL SPACE**

The subject's 4,162 square feet of commercial space has a letter of intent from the City of Watertown. According to the developer, the city is currently in negotiations to lease between 2,800- and 7,400-square feet of the subject's street level retail area, the balance of the first floor will be garage and leasing office for the subject. Additionally, the city will provide their own tenant improvement allowance and intend to lease the subject space at \$10 per square foot under triple net expense terms.

## **ENVIRONMENTAL ISSUES**

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

## **DEFERRED MAINTENANCE**

The subject will be new and considered in good condition. We assume there will be no deferred maintenance at the time of completion.

## **ECONOMIC AGE AND LIFE**

CBRE, Inc.'s estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

| <b>ECONOMIC AGE AND LIFE</b>            |          |
|---|----------|
| Actual Age                              | 0 Years  |
| Effective Age                           | 0 Years  |
| MVS Expected Life                       | 50 Years |
| Remaining Economic Life                 | 50 Years |
| Accrued Physical Incurable Depreciation | 0.0%     |
| Compiled by CBRE                        |          |

The remaining economic life is based upon our on-site observations and a comparative analysis of typical life expectancies as published by Marshall and Swift, LLC, in the Marshall Valuation Service cost guide. While CBRE, Inc. did not observe anything to suggest a different economic life, a capital improvement program could extend the life expectancy.

## CONCLUSION

The improvements upon completion will be in new overall condition. Overall, there are no known factors that adversely impact the marketability of the improvements.

## Zoning

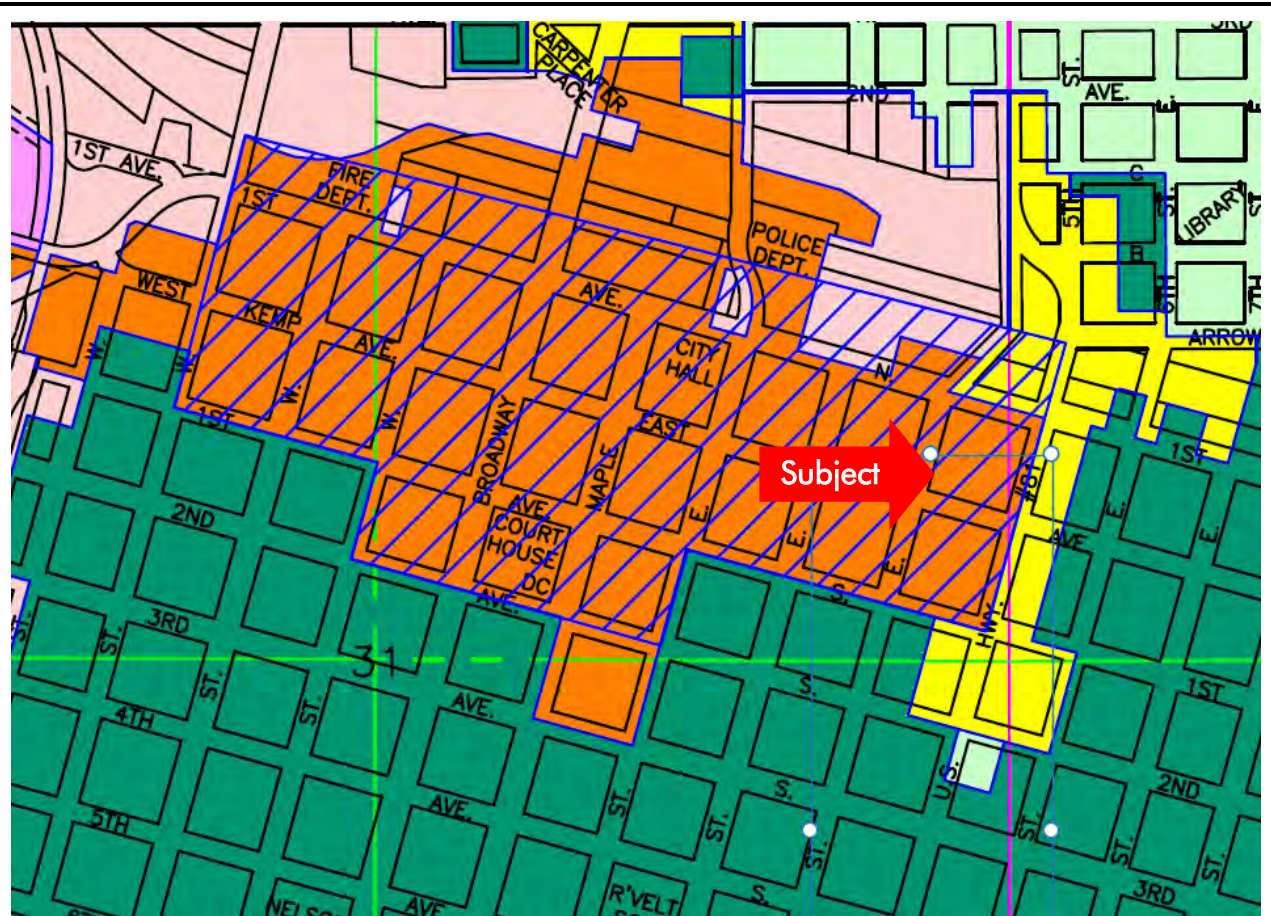
The following chart summarizes the subject's zoning requirements.

| ZONING SUMMARY                  |  |
|---------------------------------|--|
| Current Zoning                  | C-1, Community Commercial  |
| Legally Conforming              | Yes  |
| Uses Permitted                  | To provide retail and service uses that serve the whole community and supply a wide range of goods and services required by the primary marketable population. 2. To permit development of community retail centers of a size and in the locations shown in the Comprehensive Land Use Plan. |
| Zoning Change                   | Not likely   |
| Source: Planning & Zoning Dept. |  |

## ANALYSIS AND CONCLUSION

The proposed improvements represent a legally-conforming use and, if damaged, may be restored without special permit application. Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, CBRE has assumed the information obtained is correct.

## ZONING MAP



### ZONING LEGEND

|     |  |    |  |     |  |
|-----|--|----|--|-----|--|
| R1  |  | A1 |  | PUD |  |
| R1C |  | BP |  | DT  |  |
| R2  |  | C1 |  | GT1 |  |
| R2A |  | C2 |  |     |  |
| R3  |  | C3 |  |     |  |
| R4  |  | I1 |  |     |  |
| RG  |  | I2 |  |     |  |

## Tax and Assessment Data

The following summarizes the local assessor's estimate of the subject's market value, assessed value, and taxes, and does not include any furniture, fixtures or equipment. The CBRE estimated tax obligation is also shown.

| AD VALOREM TAX INFORMATION        |                       |                    |                |                |                 |
|-----------------------------------|-----------------------|--------------------|----------------|----------------|-----------------|
| Parcel                            | Assessor's Parcel No. | Parcel Description | 2020           | 2021           | Pro Forma       |
| 1                                 | 9352                  |                    | 333,745        | 370,774        |                 |
| Subtotal                          |                       |                    | \$333,745      | \$370,774      | \$6,200,000     |
| Assessed Value @                  |                       |                    | 100%           | 100%           | 100%            |
|                                   |                       |                    | 333,745        | 370,774        | \$6,200,000     |
| General Tax Rate (per \$100 A.V.) |                       |                    | 1.582274       | 1.582274       | 1.582274        |
| <b>Total Taxes</b>                |                       |                    | <b>\$5,281</b> | <b>\$5,867</b> | <b>\$98,101</b> |

Source: Assessor's Office

The 2021 equalization factor and mill levy rate has not been established yet; hence, the most recent effective tax rate (2020) is applied to the 2021 property assessment in estimating 2021 property taxes payable 2022. For purposes of this analysis, CBRE, Inc. assumes that all taxes are current.

The local Assessor's methodology for valuation is market value. The property is taxed on an ad valorem basis, or on property value with the real estate tax due in the year following the valuation. The law specifically requires that assessors view each parcel of real estate to appraise its market value. This requires periodic physical inspection of all properties subject to assessment. State law also requires that the value and classification of real estate be established as of January of each year. It should be noted that in South Dakota, real estate taxes are payable in arrears. For example, the 2020 taxes payable are not paid until the following year, or 2021. When projecting taxes, it must be understood that levy rates typically increase from year to year but have decreased from time to time as well. We will assume the existing levy rate is appropriate for our analysis.

## DELINQUENCY

None noted.

## TAX COMPARABLES

As a crosscheck to the subject's applicable real estate taxes, CBRE, Inc. has reviewed the real estate tax information according to Codington County for comparable properties in the market area. The following table summarizes the comparables employed for this analysis:



| AD VALOREM TAX COMPARABLES         |                   |                     |                     |                          |                                  |           |
|------------------------------------|-------------------|---------------------|---------------------|--------------------------|----------------------------------|-----------|
| Comparable Rental                  | 312 11th St<br>NE | One Willow<br>Creek | Skott<br>Apartments | Wilkeshire<br>Apartments | Owner's Pro<br>Forma<br>Estimate | Subject   |
| Year Built                         | 2014              | 2016                | 2011                | 1993                     | 2022                             | 2022      |
| No. Units                          | 24                | 36                  | 44                  | 45                       | 63                               | 63        |
| Tax Year                           | 2020              | 2020                | 2020                | 2020                     | 2020                             | 2020      |
| <b>Assessor's Market Value</b>     | \$2,486,353       | \$3,540,329         | \$2,748,302         | \$2,639,070              | \$6,200,000                      | \$370,774 |
| <b>AV Per Unit</b>                 | \$103,598         | \$98,342            | \$62,461            | \$58,646                 | \$98,413                         | \$5,885   |
| Combined Tax Rate (per \$100 A.V.) | 1.582274          | 1.582274            | 1.582274            | 1.582274                 | 1.582274                         | 1.582274  |
| <b>Total Taxes</b>                 | \$39,341          | \$56,018            | \$43,486            | \$41,757                 | \$98,101                         | \$5,867   |
| <b>Per Unit</b>                    | \$1,639           | \$1,556             | \$988               | \$928                    | \$1,557                          | \$93      |
| Source: Assessor's Office          |                   |                     |                     |                          |                                  |           |

## CONCLUSION

Based on the foregoing, total taxes for the subject have been estimated at \$98,101 for the base year of our analysis, which is in line with the developer's pro forma. This is exceeding the per unit assessments shown at the tax comparables. Watertown has had new multi-family properties developed in the past few years, which includes tax comparable One Willow Creek. One Willow Creek's assessor's market value was given the greatest consideration and used in estimating tax expense presented later in the income approach. The possibility of a greater tax assessment was accounted for in the estimation of the overall capitalization rate with upward pressure applied for forecasted real estate expense.

## Market Analysis

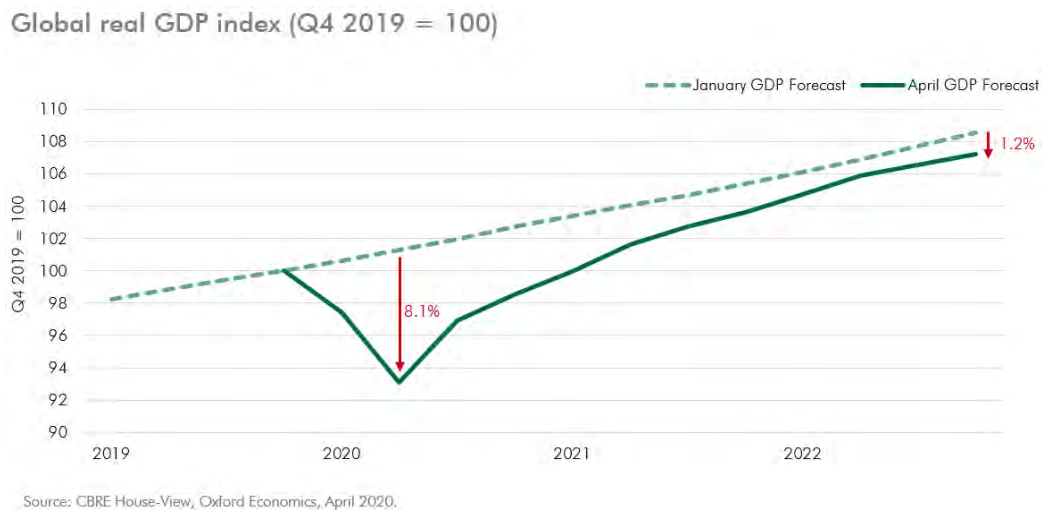
Market analysis investigates economic forces that establish the conditions of the market in which real estate competes. These conditions, in turn, establish the market of the real estate. For this report, inferred market analysis is completed to describe the current market conditions of the market segment of the subject. Sources used for completing market conditions analysis include: data provided by local commercial real estate brokerage firms, national market data from 3<sup>rd</sup> party providers, interviews with knowledgeable market participants, observations of market activity, and the experience and opinion of the undersigned.

### MARKET ANALYSIS – MACROECONOMIC

#### Economic Impact of COVID-19

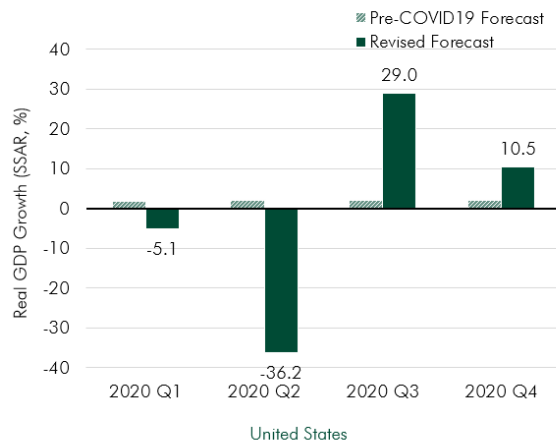
As of the current date of value and the date of this report, the nation, region, and market area are being impacted by the COVID-19 pandemic. In this section we provide a brief overview of the observed and anticipated impacts of COVID-19 from a macroeconomic perspective based on various CBRE sources. For further and updated information, please visit CBRE's resource center at <https://www.cbre.com/covid-19>.

In this section, we present the "House View" developed by CBRE Econometric Advisors (CBRE-EA). CBRE-EA has revised its global GDP estimates to project significant negative growth in the short term, followed by a relatively rapid recovery in late 2020/early 2021, but with a slightly negative longer-term impact as illustrated below:



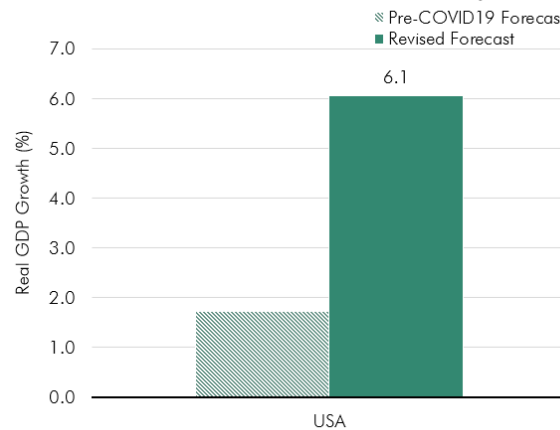
As shown in the following graphs, CBRE-EA projects negative growth for 2020 but an increased rate of growth for 2021.

#### 2020 annualized q-o-q GDP growth forecast



Source: CBRE House-View, 21 April 2020.

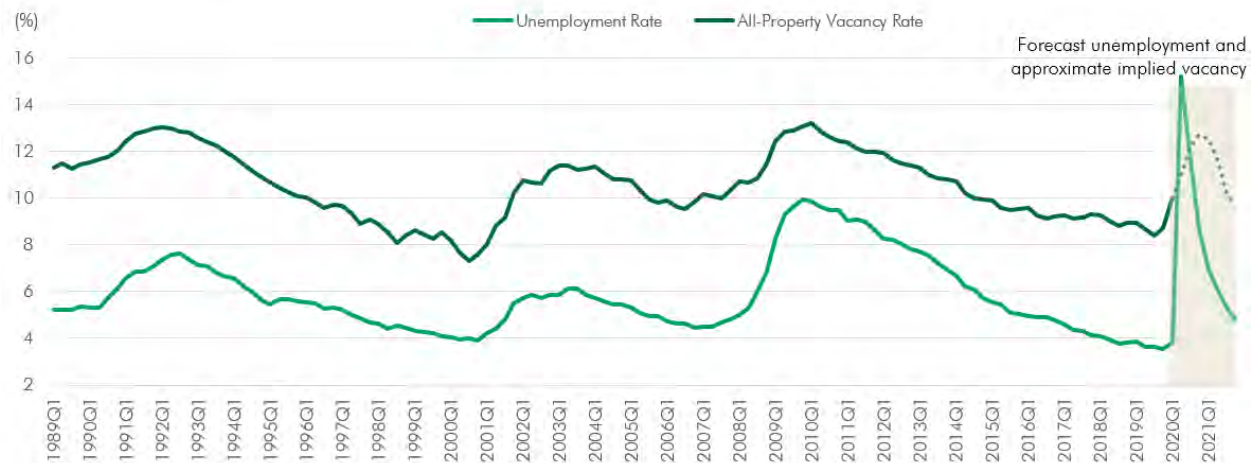
#### 2021 annual GDP growth forecast (April 21)



Source: CBRE House-View, April 2020.

CBRE-EA is projecting a return to economic growth in Q3 2020 that should lead to a reasonably quick fall in unemployment in the U.S., though not to the level seen just prior to the crisis. Unemployment has historically been highly correlated with vacancy; the following chart illustrates historical trends for unemployment and all-property vacancy rates in the U.S.

#### U.S. unemployment rate and all-property vacancy rate



Source: CBRE Econometric Advisors, CBRE House-View, April 2020.

#### KEY TAKEAWAYS & OBSERVATIONS

The following points summarize key points from CBRE-EA and CBRE's Americas Research:

- The brunt of the impact from COVID-19 is anticipated in the near term. Macroeconomic projections are for stabilization in Q3 2020 and recovery in Q4 followed by stronger growth in 2021.

- The labor market will come under significant strain in coming weeks and months as many workers, especially non-salaried service employees, forfeit hours and wages. A record number of Americans have filed for unemployment. U.S. unemployment is estimated to have risen to 10.5% from its historic low of 3.5% just before the crisis. Unemployment will decline rapidly but may take 24-36 months to fall back to pre-crisis levels.
- The Fed's role in stabilizing the U.S. economy has been immense, including purchases of corporate debt at levels not seen in the Great Financial Crisis. The Fed's balance sheet has jumped to \$6 trillion from \$4 trillion in three months.
- Real estate typically lags macroeconomic indicators and could see a "swoosh-shape" recovery. COVID-19 will impact various industries differently. CBRE-EA is currently anticipating a phased recovery with impacts varying by property type with industrial projected to quickest recovery followed by office and then retail.
- Capital values are viewed to be broadly resilient over a 24-36 month horizon, with significant variation based on sector, location and profile.
- Pent-up demand and stimulative policy are expected to aid a rapid recovery.
- The U.S. has announced plans for a phased economic reopening of certain regions. This is reflected in CBRE's forecasts of economic stabilization in Q3 and recovery in Q4 for the U.S. and the global economy.
- Commercial real estate debt markets have been evolving rapidly and dramatically since the COVID crisis. Initially, 10-year Treasury and LIBOR indexes fell to sub-1% levels, followed by massive spikes in loan spreads that largely followed the broader credit markets. Following recent policy interventions, loan spreads narrowed by about 50 to 100 basis points. Commercial mortgage rates range from 3.5% to more than 4% for most conservatively underwritten deals; value-add and riskier deals are seeing widened spreads and higher overall rates. Adequate capital still exists from banks, life companies and the GSEs, while the CMBS market remains in recovery mode and debt funds vary depending on their capital sources.
- In addition to market uncertainty, government, company and individual social distancing mandates may impact property inspections resulting in extended due diligence periods.
- A bounce back is already being seen in Asia Pacific. In China, consumption continues to rebound, supported by a spike in "revenge spending" by shoppers emerging from lockdown.

## MACROECONOMIC CONCLUSIONS

In general, market participants are expecting a rebound between the second half of 2020 and first half of 2021. Fiscal and monetary supply for the economy have been unprecedented and, together with pent-up demand, are expected enable a relatively rapid return to normalcy once health-oriented concerns are alleviated. If a second wave of the virus can be avoided or managed effectively, high rates of growth can be expected in 2021. A "V" or "U" shaped recovery is broadly anticipated for the broad economy, whereas real estate is likely to lag somewhat with a "swoosh" shaped recovery expected. There will be short term disruptions that will impact rent collections, near-term vacancies, rent growth, and lease-up across most property types. The impact and recovery will vary by city and by property type. Overall, market participants are

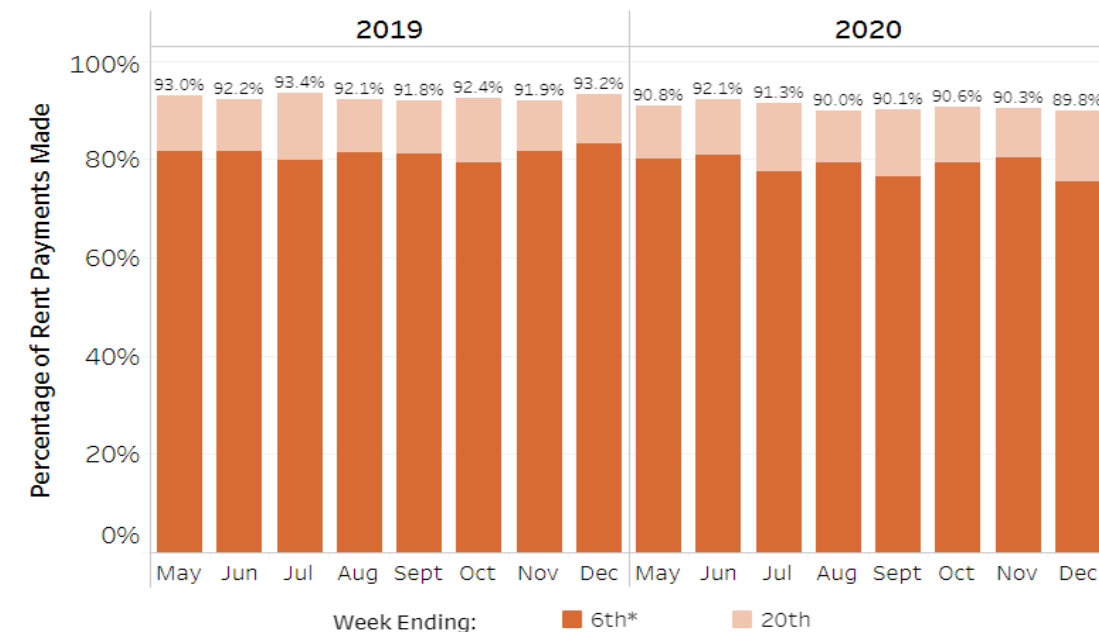
indicating a pause in sale and lease transactions as buyers and tenants navigate this period of uncertainty.

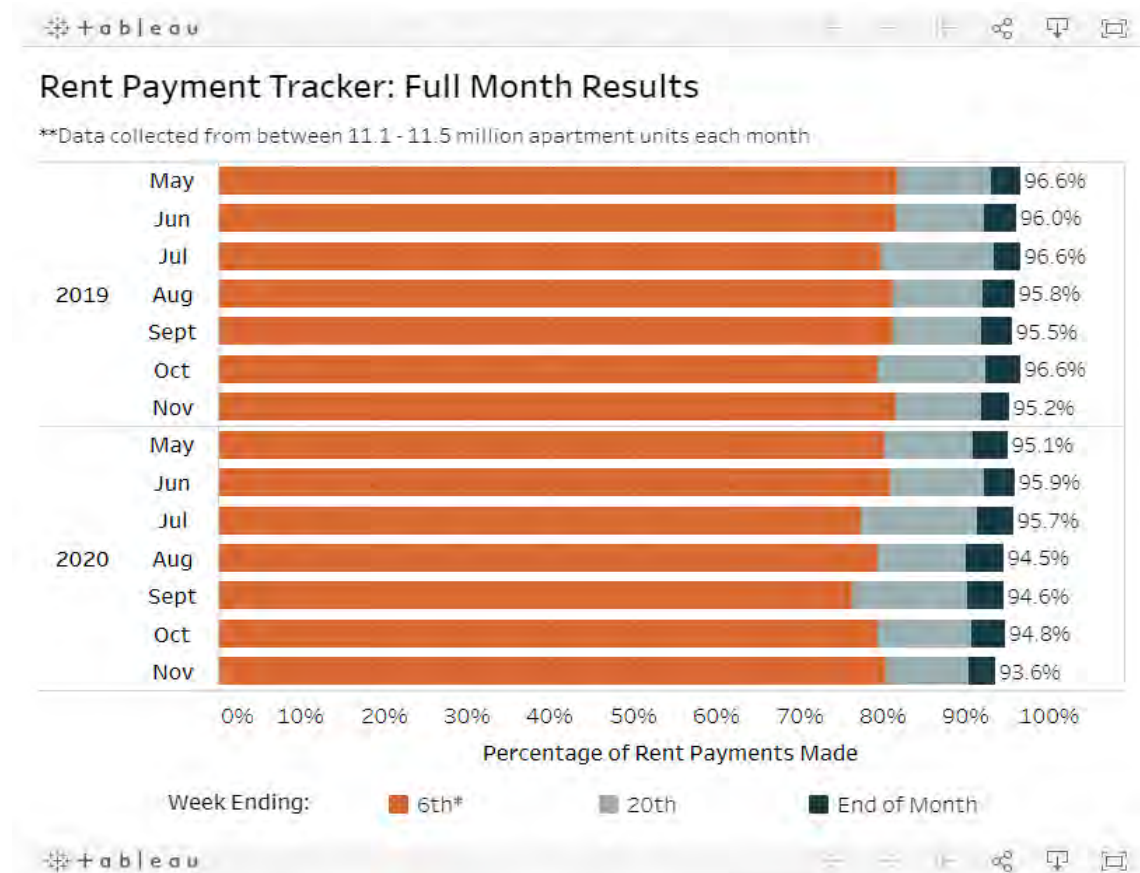
## MULTI-FAMILY MARKET ANALYSIS – COVID-19 IMPACT

The National Multifamily Housing Council (NMHC)’s Rent Payment Tracker found 89.4% of apartment households made a full or partial rent payment by December 20 in its survey of 11.5 million units of professionally managed apartment units across the country. This is a 3.4% decrease (392,952 households) from the share who paid rent through December 20, 2019 and compares to 90.3% that had paid by November 20, 2020. This data encompasses a wide variety of market-rate rental properties across the United States, which can vary by size, type and average rental price.

### Rent Payment Tracker: Weekly Results

\*\*Data collected from between 11.1 - 11.5 million apartment units each month





The sliding share of households making rent payments in December underscored the need for financial assistance that Congress has finally approved. Key components of the just-agreed-to relief package include: one-time payments of \$600 per adult and \$600 per child for those with incomes under \$75,000, enhanced unemployment benefits of \$300 per week to supplement state-level funds, and \$25 million targeted specifically for rental assistance.

In addition, there will be extensions of programs helping those who have now exhausted their state-level unemployment benefits and those who earlier were self-employed or who held gig positions not covered by state-level unemployment programs.

As has been seen since the COVID-19 pandemic began, rent collections remain better in the upper-end and mid-range apartments than in the lower-tier properties. RealPage stats show December payments through the 20th at 91.4% in the Class A block of product and 91.2% in the Class B inventory. Collection levels are lower at 84.7% in Class C projects, where a larger share of the residents live paycheck to paycheck.



## PWC REAL ESTATE INVESTOR SURVEY

# National Apartment Market

Some investors believe low interest rates and overall cap rates are elevating prices in the near term, making it a good time to sell properties. Others, however, plan to hold properties until rents recover from the impact of the pandemic.

- “Buyers are looking for discounts, but sellers are not willing to take a haircut on pricing,” remarks an investor.
- In *Emerging Trends in Real Estate*® 2021, half the respondents suggest holding apartment assets; 35.0% recommend buying; and 15.0% suggest selling in the coming year.
- This market's outlook for year-one rent growth slips to 0.50% this quarter as owners work to mitigate weakening rent collections amid the ongoing challenges of COVID-19.

### FORECAST VALUE CHANGE [NEXT 12 MONTHS]:

Range: (10.0%) – 10.0%

Average: 1.3%

### KEY 4Q20 SURVEY STATS\*

#### Total Vacancy Assumption:

Average 6.0% =

Range 3.0% to 15.0%

#### Months of Free Rent(1):

Average 1.0 ▲

Range Up to 3

% of participants using 89.0% =

#### Market Conditions Favor:

Buyers 22.0% ▲

Sellers 11.0% =

Neither 67.0% ▼

\* ▼, ▲, = change from prior quarter  
(1) on a ten-year lease

Table 28

### NATIONAL APARTMENT MARKET

Fourth Quarter 2020

|   | CURRENT         | LAST QUARTER    | 1 YEAR AGO     | 3 YEARS AGO     | 5 YEARS AGO    |
|---|-----------------|-----------------|----------------|-----------------|----------------|
| <b>DISCOUNT RATE (IRR)<sup>a</sup></b>    |                 |                 |                |                 |                |
| Range                                     | 5.00% – 10.00%  | 5.00% – 10.00%  | 5.50% – 10.00% | 5.50% – 10.00%  | 5.00% – 10.00% |
| Average                                   | 6.83%           | 6.83%           | 7.10%          | 7.26%           | 7.26%          |
| Change (Basis Points)                     |                 | 0               | – 27           | – 43            | – 43           |
| <b>OVERALL CAP RATE (OAR)<sup>a</sup></b> |                 |                 |                |                 |                |
| Range                                     | 3.50% – 8.00%   | 3.50% – 8.00%   | 3.50% – 7.00%  | 3.50% – 7.50%   | 3.50% – 8.00%  |
| Average                                   | 5.22%           | 5.22%           | 5.15%          | 5.32%           | 5.35%          |
| Change (Basis Points)                     |                 | 0               | + 7            | – 10            | – 13           |
| <b>RESIDUAL CAP RATE</b>                  |                 |                 |                |                 |                |
| Range                                     | 4.00% – 8.00%   | 4.00% – 8.00%   | 4.00% – 7.00%  | 4.25% – 7.75%   | 4.25% – 8.50%  |
| Average                                   | 5.60%           | 5.61%           | 5.49%          | 5.74%           | 5.84%          |
| Change (Basis Points)                     |                 | – 1             | + 11           | – 14            | – 24           |
| <b>MARKET RENT CHANGE<sup>b</sup></b>     |                 |                 |                |                 |                |
| Range                                     | (5.00%) – 3.50% | (5.00%) – 3.50% | 0.00% – 5.00%  | (1.00%) – 5.00% | 0.00% – 6.00%  |
| Average                                   | 0.50%           | 0.58%           | 2.48%          | 2.58%           | 3.18%          |
| Change (Basis Points)                     |                 | – 8             | – 198          | – 208           | – 268          |
| <b>EXPENSE CHANGE<sup>b</sup></b>         |                 |                 |                |                 |                |
| Range                                     | 0.00% – 8.00%   | 0.00% – 8.00%   | 0.00% – 3.00%  | 2.00% – 3.00%   | 1.00% – 4.00%  |
| Average                                   | 2.82%           | 2.68%           | 2.60%          | 2.72%           | 2.81%          |
| Change (Basis Points)                     |                 | + 13            | + 22           | + 10            | + 1            |
| <b>MARKETING TIME<sup>c</sup></b>         |                 |                 |                |                 |                |
| Range                                     | 1 – 12          | 1 – 12          | 1 – 9          | 1 – 9           | 1 – 9          |
| Average                                   | 5.3             | 5.3             | 3.9            | 3.8             | 3.8            |
| Change (▼, ▲, =)                          |                 | =               | ▲              | ▲               | ▲              |

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

A map of Michigan showing its 16 counties. Each county is labeled with its name and a number. Major cities are marked with dots and labeled. The map includes a grid of latitude and longitude lines and a scale bar.

| County       | Major Cities |
|--------------|--------------|
| Alcona       | Alcona       |
| Alpena       | Alpena       |
| Antrim       | Antrim       |
| Benzie       | Benzie       |
| Berrien      | Big Rapids   |
| Cass         | Cass         |
| Charlevoix   | Charlevoix   |
| Chippewa     | Chippewa     |
| Cheboygan    | Cheboygan    |
| Crawford     | Crawford     |
| Emmet        | Emmet        |
| Genesee      | Genesee      |
| Hillsdale    | Hillsdale    |
| Ingham       | East Lansing |
| Ionia        | Ionia        |
| Isabella     | Isabella     |
| Jackson      | Jackson      |
| Kalamazoo    | Kalamazoo    |
| Leelanau     | Leelanau     |
| Livingston   | Livingston   |
| Lapeer       | Lapeer       |
| Manistee     | Manistee     |
| Macomb       | Macomb       |
| Monroe       | Monroe       |
| Montcalm     | Montcalm     |
| Oshtemo      | Oshtemo      |
| Ontonagon    | Ontonagon    |
| Oscoda       | Oscoda       |
| Presque Isle | Presque Isle |
| Remond       | Remond       |
| Saginaw      | Saginaw      |
| Shiawassee   | Shiawassee   |
| St. Ignace   | St. Ignace   |
| Tuscola      | Tuscola      |
| Van Buren    | Van Buren    |
| Washtenaw    | Washtenaw    |
| Wayne        | Wayne        |
| Westland     | Westland     |
| Winnetka     | Winnetka     |
| Ypsilanti    | Ypsilanti    |

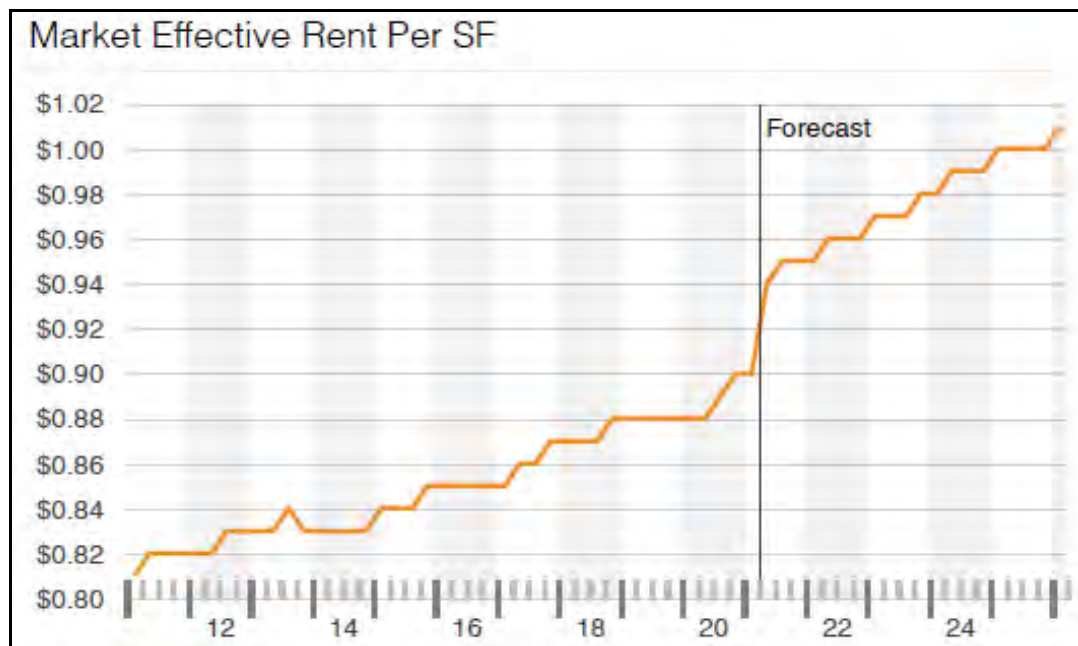
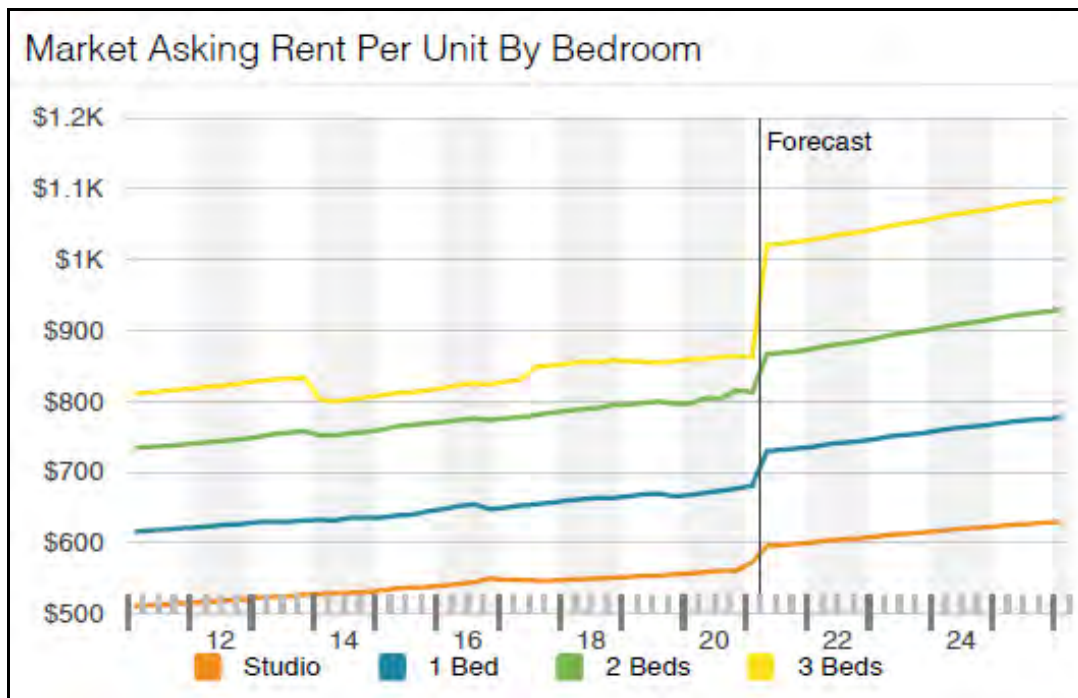


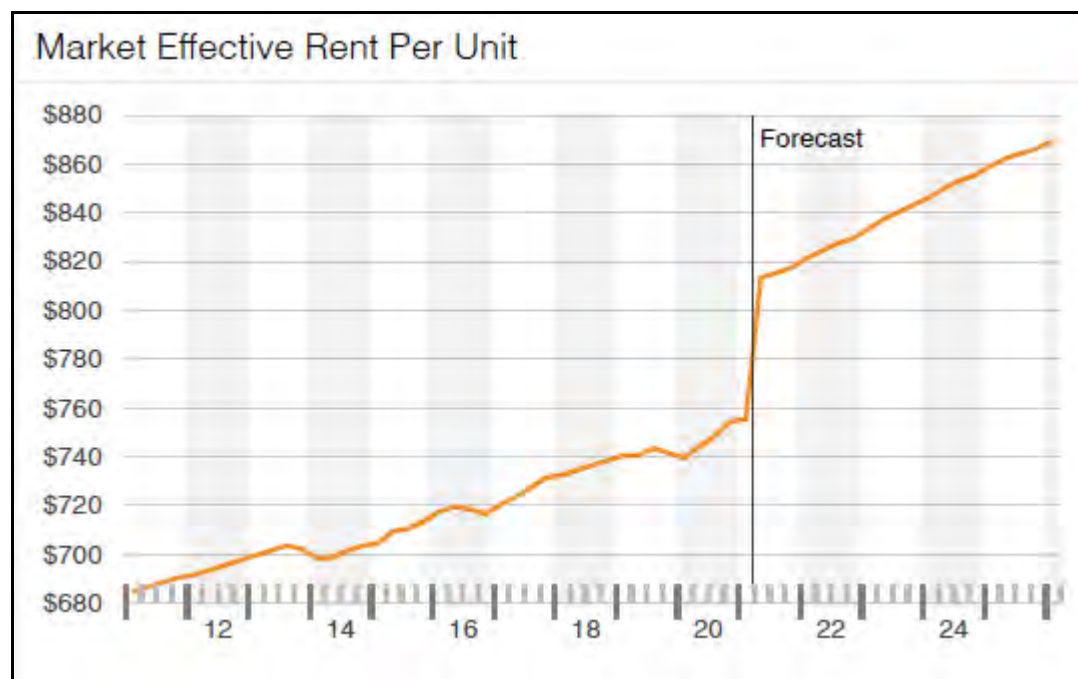
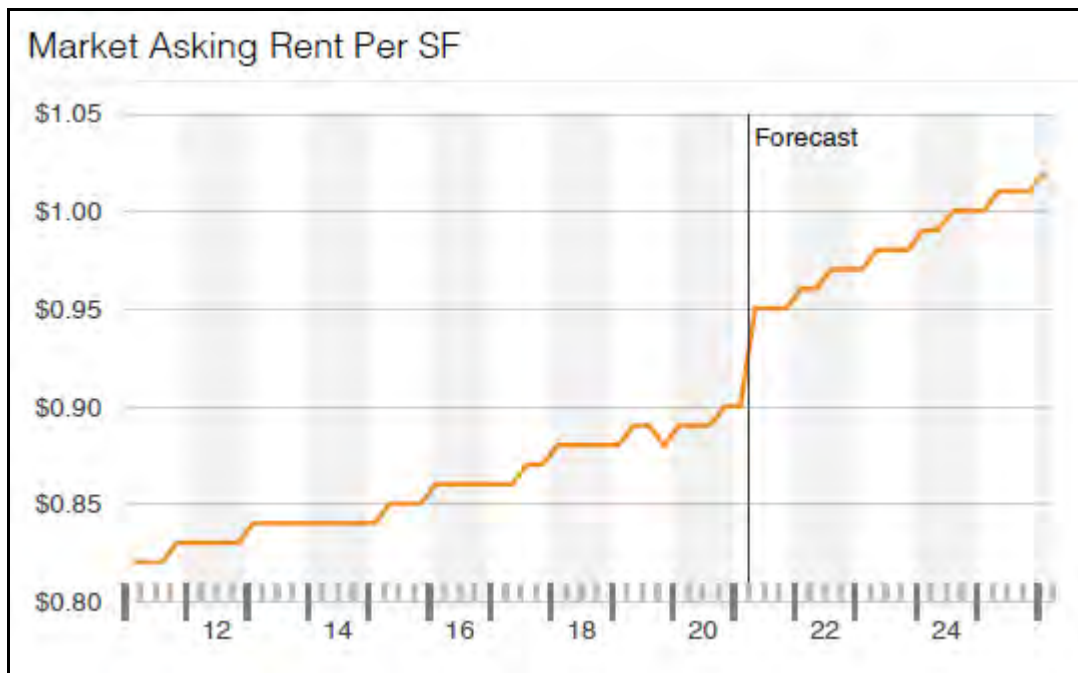
## CoStar Market Statistics

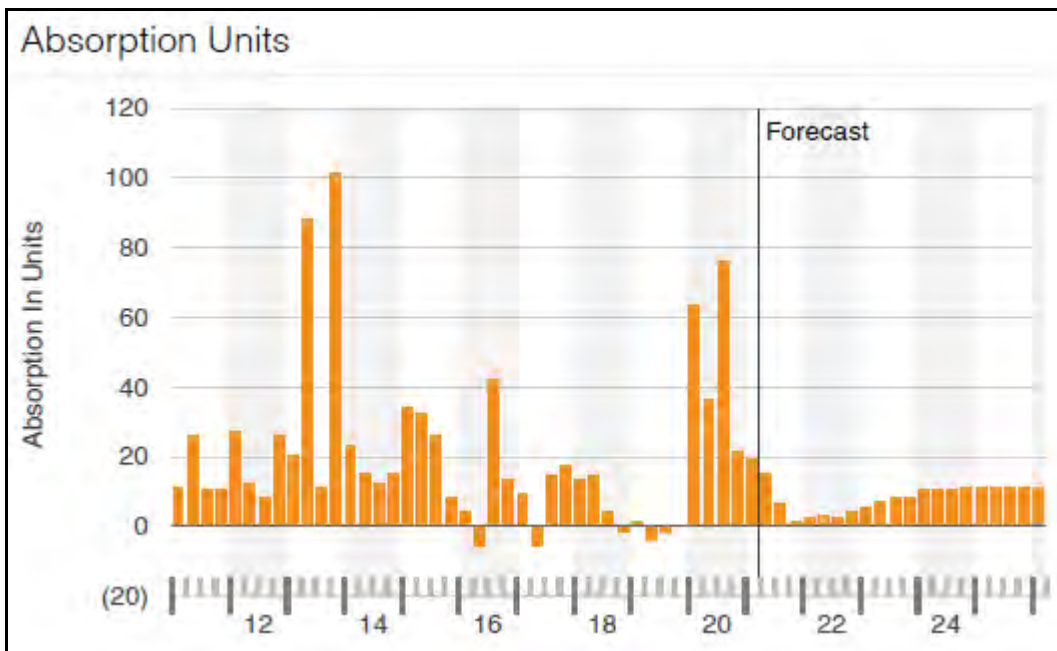
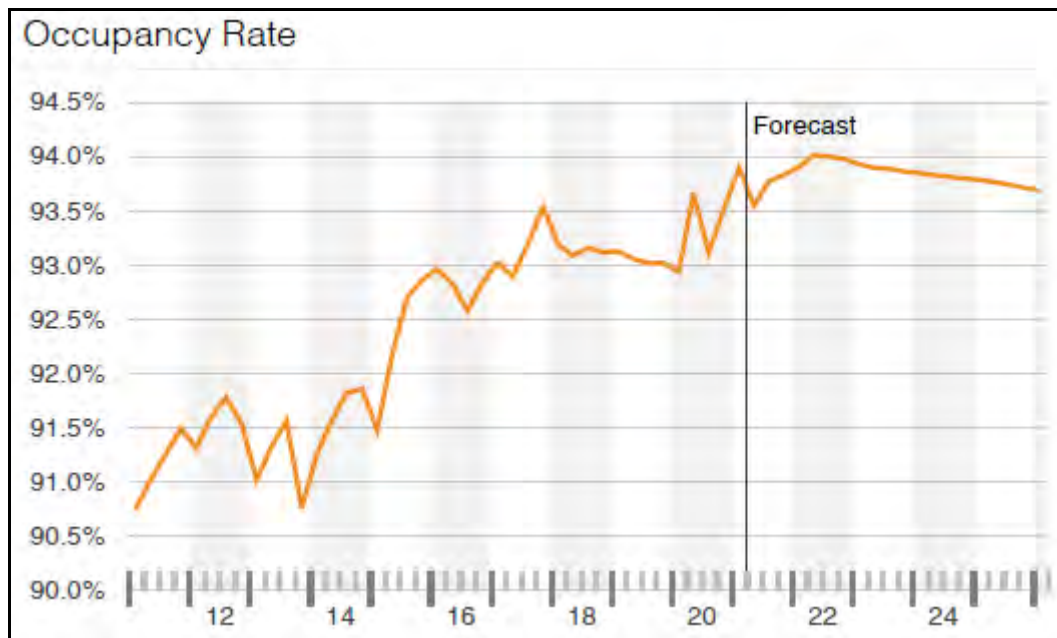
|   |   |   |  |  |   |   |
|---|---|---|--|--|---|---|
| INVENTORY UNITS<br><b>5,080</b> <span>+2.2%</span><br><small>(Prior Period 5,050)</small> | UNDER CONSTRUCTION UNITS<br><b>0</b> <span>-100.0%</span><br><small>(Prior Period 11)</small> | 12 MO ABSORPTION UNITS<br><b>151</b> <span>+142.2%</span><br><small>(Prior Period 62)</small> | VACANCY RATE<br><b>6.0%</b> <span>-1.0%</span><br><small>(Prior Period 7.0%)</small> | MARKET RENT/UNIT<br><b>\$763</b> <span>+2.1%</span><br><small>(Prior Period \$746)</small> | MARKET SALE PRICE/UNIT<br><b>\$62.2K</b> <span>+3.3%</span><br><small>(Prior Period \$60,275)</small> | MARKET CAP RATE<br><b>7.9%</b> <span>-0.1%</span><br><small>(Prior Period 8.0%)</small> |
| <b>Key Metrics</b>  |   |   |  |  |   |   |
| <b>Availability</b>   |   |   | <b>Inventory</b>   |  |   |   |
| Vacant Units  | 307   | ↓   | Existing Buildings   | 160  | ↑   |   |
| Asking Rent/SF  | \$0.91  | ↑   | Average Units Per Bldg   | 32   | ↑   |   |
| Concession Rate   | 0.6%  | ↓   | 12 Mo Demolished Units   | 0  | ↓   |   |
| Studio Asking Rent  | \$571   | ↑   | 12 Mo Occupancy % at Delivery  | 46.8%  | ↓   |   |
| 1 Bedroom Asking Rent/Unit  | \$684   | ↑   | 12 Mo Construction Starts Units  | 0  | ↓   |   |
| 2 Bedroom Asking Rent/Unit  | \$811   | ↑   | 12 Mo Delivered Units  | 111  | ↑   |   |
| 3 Bedroom Asking Rent/Unit  | \$866   | ↑   | 12 Mo Avg Delivered Units  | 56   | ↓   |   |
| <b>Sales Past Year</b>  |   |   | <b>Demand</b>  |  |   |   |
| Asking Price Per Unit   | \$21,188  | ↓   | 12 Mo Absorp % of Inventory  | 3.0%   | ↑   |   |
| Sale to Asking Price Differential   | -8.6%   | ↑   | Median Household Income  | 65.1K  |   |   |
| Sales Volume  | \$1.6M  | ↑   | Population Growth 5 Yrs   20-29  | -6.3%  |   |   |
| Properties Sold   | 1   | ↓   | Population Growth 5 Yrs   30-39  | 11.0%  |   |   |
| Months to Sale  | 13.6  | ↑   | Population Growth 5 Yrs   40-54  | 12.8%  |   |   |
| For Sale Listings   | 2   | ↑   | Population Growth 5 Yrs   55+  | 4.1%   |   |   |
| Total For Sale Units  | 177   | ↑   | Population Growth 5 Yrs  | 3.3%   |   |   |

Per Co-Star, the multi-family market in the NE region of South Dakota, including Brown, Marshall, Roberts, Spink, Day, Grant, Clark, Codington, Deuel, Hamlin, Beadle, Kingsbury, and Brookings County, is 6.0% vacant with the average market rent at \$763 per unit. Vacancy rates have ranged from 6.0%-7.0% in the last five years and is predicted to remain under 6.5% for the next five years. Sales price per unit has risen steadily over the last five years and is currently forecasted to continue to increase steadily over the next five years. Charts of the key metrics are located on the following pages.

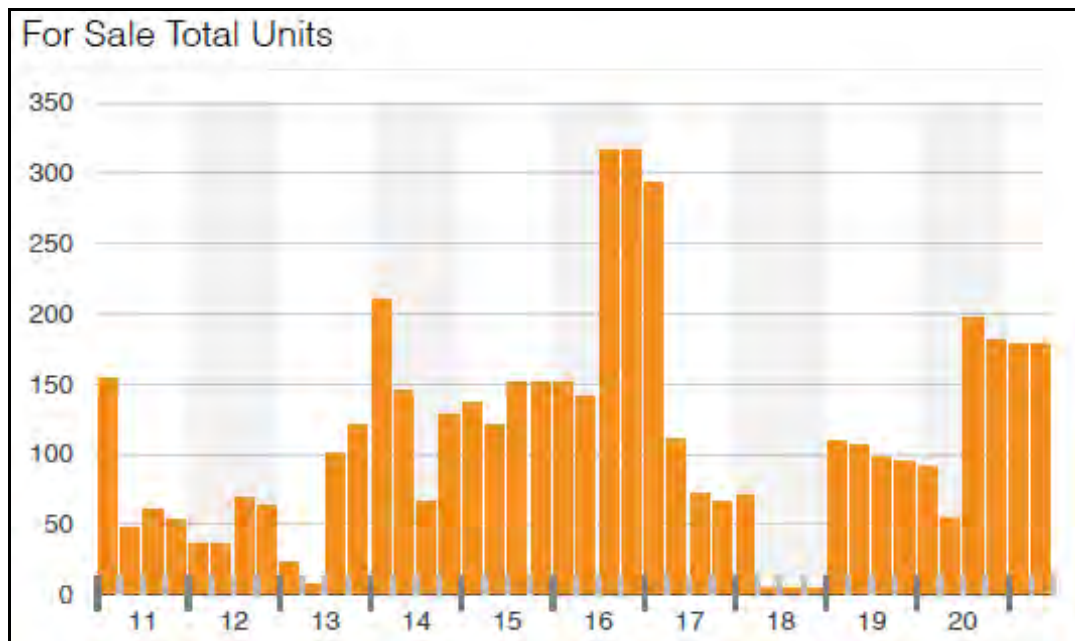
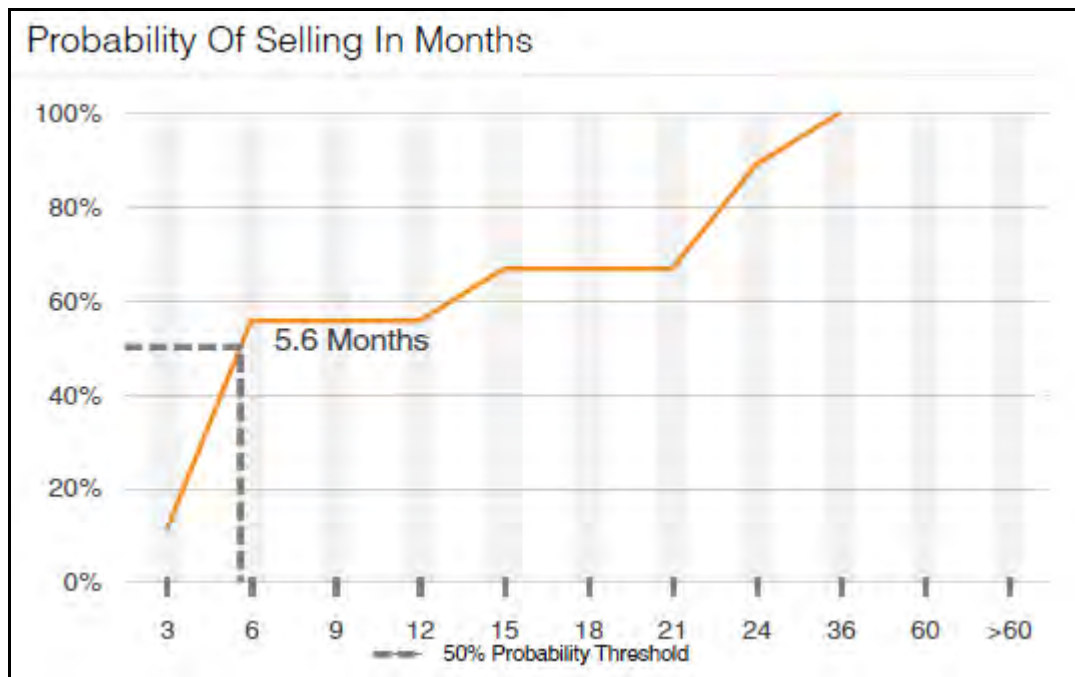


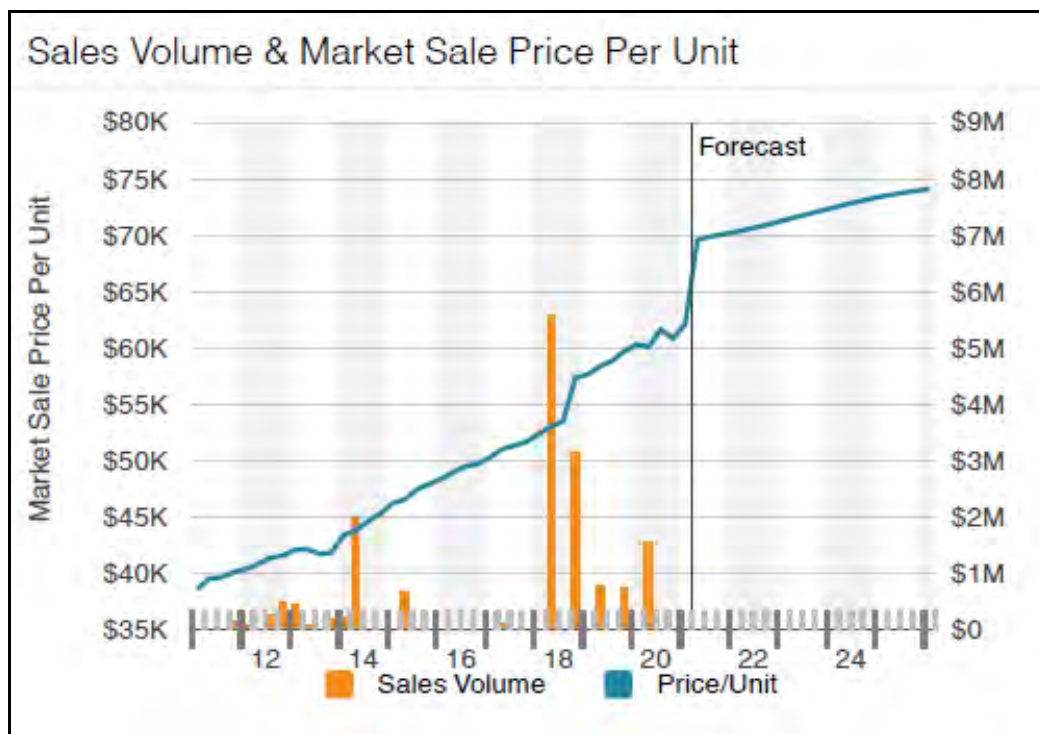
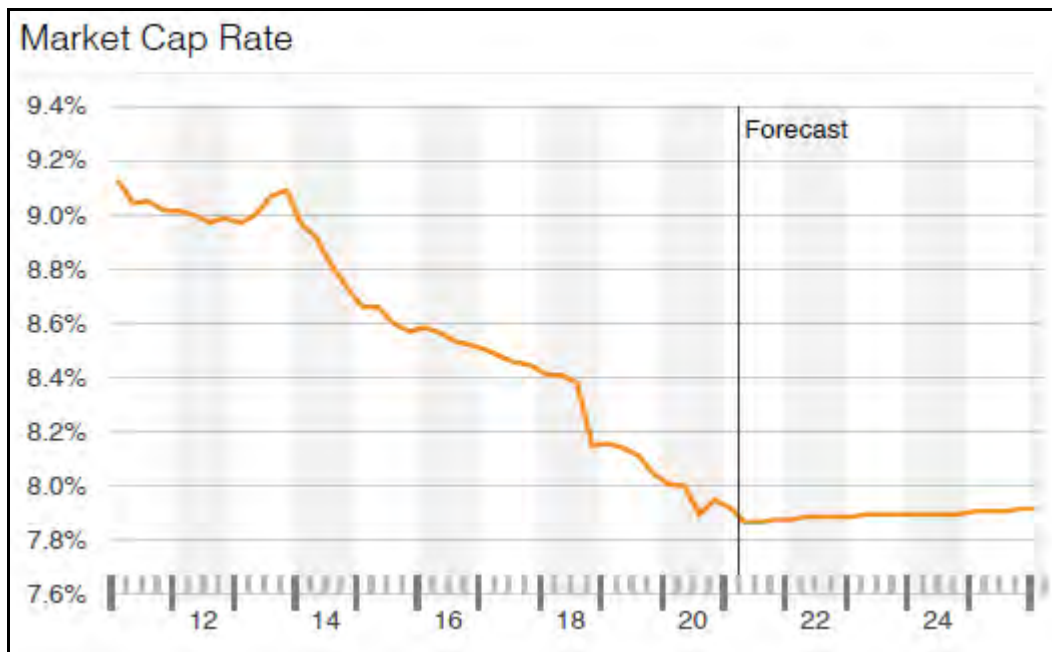








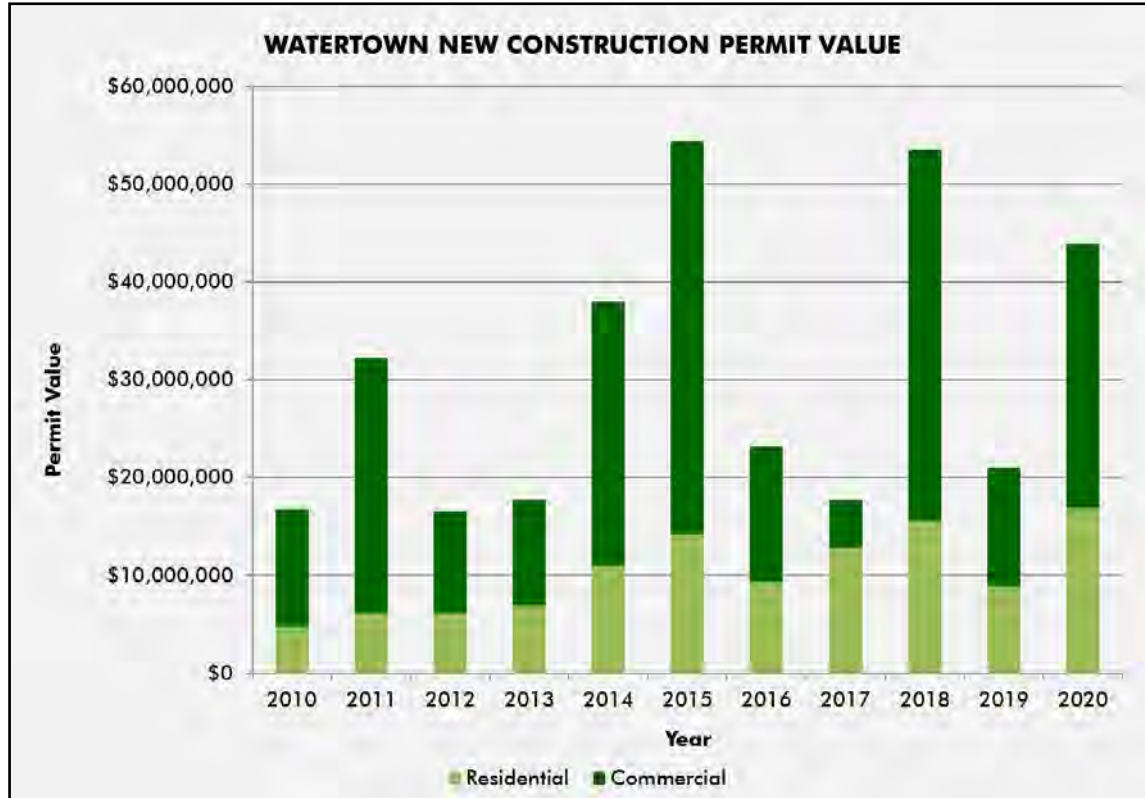
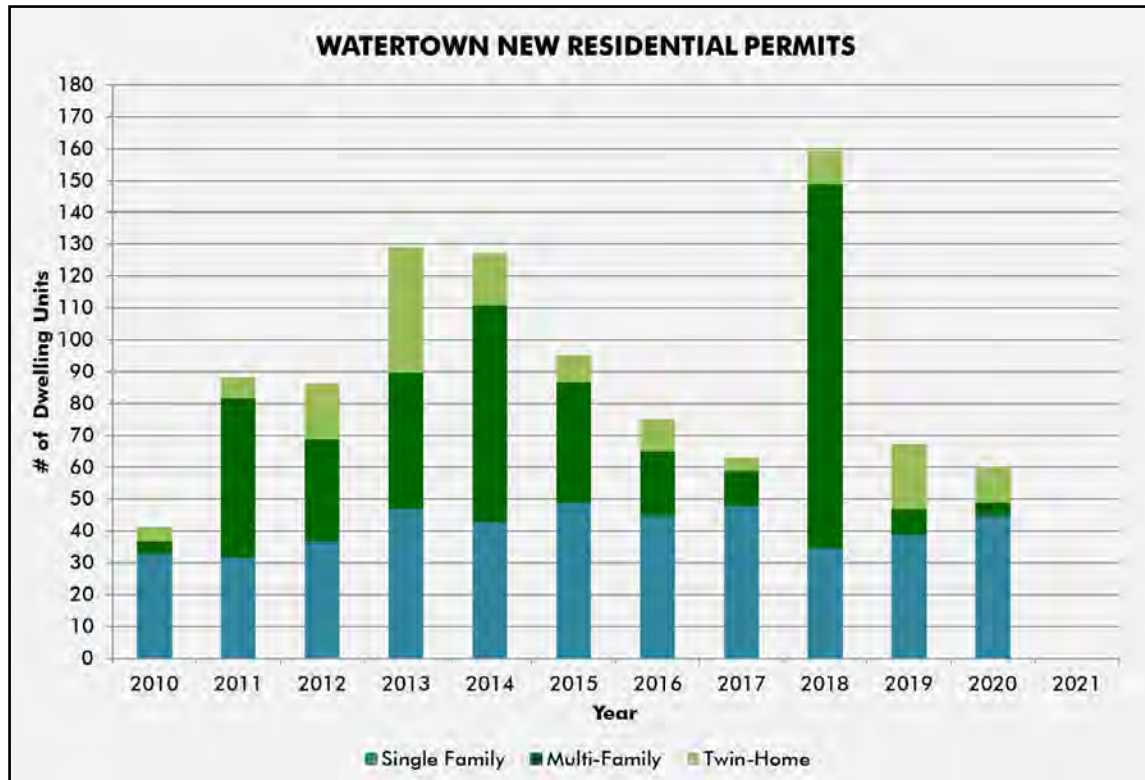




## CONCLUSION

Given the low vacancy rating, steady absorption rating, and steadily increasing market rent the market appears to be healthy and growing at a steady rate. Overall, market conditions are favorable within the multifamily market segment.

## WATERTOWN BUILDING PERMIT ACTIVITY



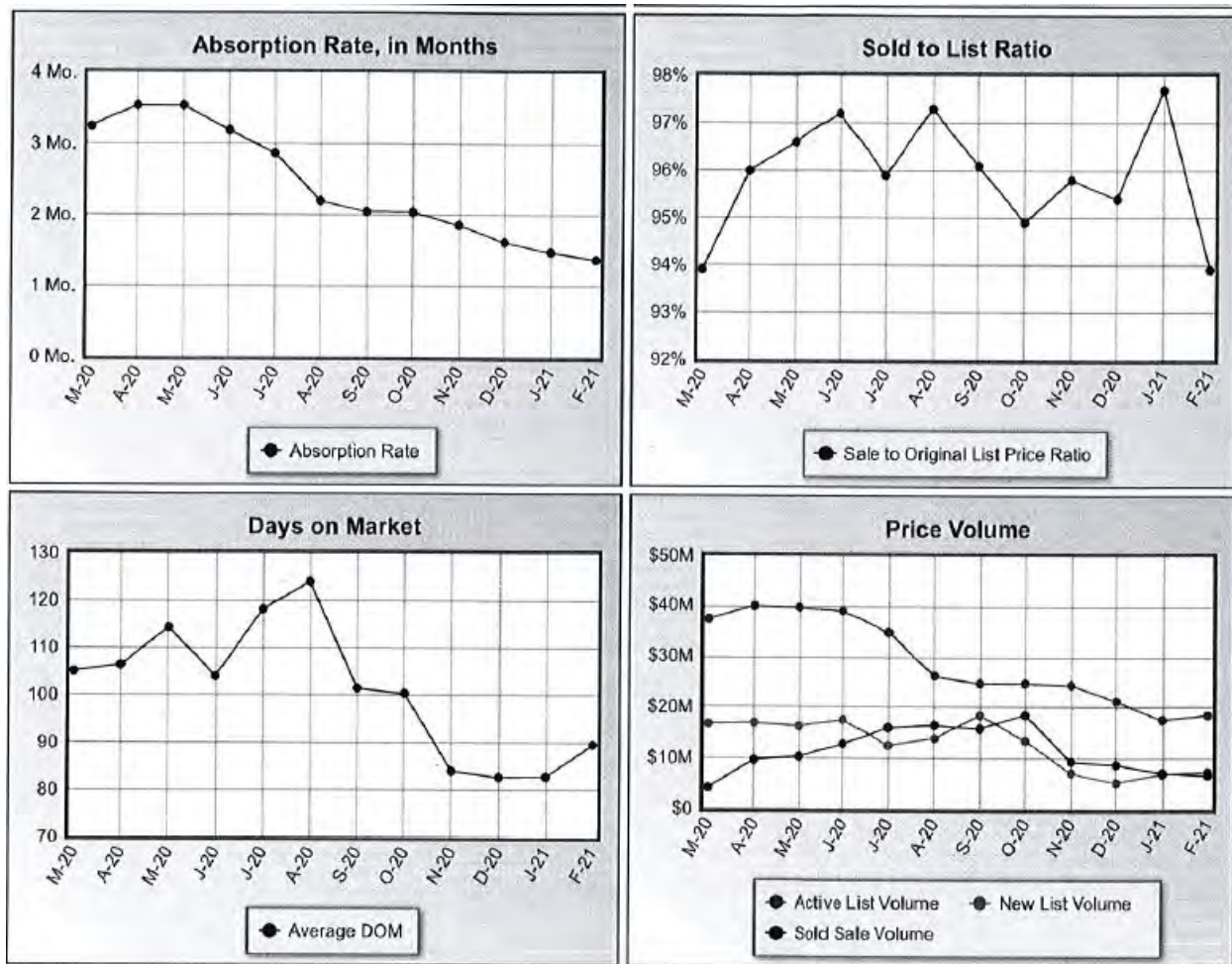
Total new construction permit value for 2020 totaled more than \$43.85 million, which is 23% above the 5-year average and is the third highest total permit value over the last 10 years. New residential permit value in 2020 set a 10-year high for the City of Watertown, which ended the year at \$16.95 million. New commercial construction has also been strong recently at \$26.9 million. Within the residential permits, single family construction led the way in 2020 with a total of 45 permits, which is slightly higher than the 10-year average of 41 permits annually. Multifamily construction spiked in 2018 when a total of 114 units were added. Another large multifamily project is expected to start construction in 2021 in the northern portion of the community, which is expected to significantly increase the number of units added to the market.

### Watertown Residential MLS Summary

| Summary Statistics |           |           |        |           |           |        |
|--------------------|-----------|-----------|--------|-----------|-----------|--------|
|                    | Feb-21    | Feb-20    | % Chg  | 2021 YTD  | 2020 YTD  | % Chg  |
| Absorption Rate    | 1.37      | 3.37      | -59.35 | 1.43      | 3.34      | -57.19 |
| Average List Price | \$247,779 | \$216,653 | 14.37  | \$223,911 | \$204,725 | 9.37   |
| Median List Price  | \$165,000 | \$194,700 | -15.25 | \$159,900 | \$182,400 | -12.34 |
| Average Sale Price | \$185,429 | \$192,643 | -3.74  | \$205,717 | \$172,959 | 18.94  |
| Median Sale Price  | \$153,500 | \$163,650 | -6.20  | \$175,000 | \$147,450 | 18.68  |
| Average DOM        | 89        | 144       | -38.19 | 86        | 134       | -35.82 |
| Median DOM         | 63        | 84        | -25.00 | 67        | 111       | -39.64 |







Overall, the local residential market is healthy as days on market is low and the average list price and sale price are trending higher when compared to last year. An interview with a local broker indicated the residential market as a whole is very tight given the low supply in the community.

## COMPETITIVE PROPERTIES

Comparable properties were surveyed in order to identify the current occupancy within the competitive market. The comparable data is summarized in the following table:

| SUMMARY OF COMPARABLE MULTIFAMILY RENTALS |                       |   |                       |           |
|---|-----------------------|---|-----------------------|-----------|
| Comp. No.                                 | Name                  | Location                                | Distance from Subject | Occupancy |
| 1   | The Oaks Apartments   | 218 19th Street SE, Watertown, SD       | 1.3 Miles             | 97%       |
| 2   | The Lofts             | 10 North Broadway Street, Watertown, SD | 0.3 Miles             | 90%       |
| 3   | One Willow Creek      | 2000 Kemp Place East, Watertown, SD     | 1.2 Miles             | 100%      |
| 4   | Parkside Place        | 8 2nd Street Northeast, Watertown, SD   | 0.1 Miles             | 0%        |
| 5   | Wilkeshire Apartments | 1845 North Westminster, Watertown, SD   | 1.0 Miles             | 100%      |
| Subject                                   | The Ruins             | 315 East Kemp, Watertown, South Dakota  |                       | 0%        |
| Compiled by CBRE                          |                       |   |                       |           |

The majority of comparable properties surveyed reported occupancy rates of 90% or better, and all are currently in average to good condition. Comparable two represents the newest project in Watertown and has achieved 90% occupancy since opening in August 2020. Comparable Four is a new project currently under construction and is only in the preliminary stages of leasing. The average occupancy of stabilized properties is 99% and 96.75% if you include The Lofts.

## SUBJECT ANALYSIS

### Absorption

Interviews with the subject's manager and inquiries into the absorption rates at One Willow Creek and Two Willow Creek, in addition to The Oaks, we have concluded to a conservative absorption period of 9 months. The retail space is set to be leased by the City of Watertown upon completion.

### Occupancy

The subject's occupancy is detailed in the following chart.

| OCCUPANCY            |            |
|----------------------|------------|
| Year                 | % PGI      |
| 2022                 | 96%        |
| <b>CBRE Estimate</b> | <b>96%</b> |
| Compiled by CBRE     |            |

Based on the foregoing analysis, CBRE, Inc.'s conclusion of stabilized occupancy for the subject is illustrated in the following table. This estimate considers both the physical and economic factors of the market.



| OCCUPANCY CONCLUSIONS             |       |
|-----------------------------------|-------|
| Watertown - Maxfield Research     | 96.6% |
| Water town - CoStar Analytics     | 92.2% |
| Rent Comparables                  | 81.6% |
| Subject's Occupancy at Completion | 50.0% |
| Subject's Stabilized Occupancy    | 96.0% |
| Compiled by CBRE                  |       |

Overall, the local market is performing well with occupancy and the opportunity for new construction is apparent. Our stabilized occupancy with credit loss conclusion of 95.75% and is considered reasonable.

### Cost to Achieve Stabilized Operations

As the subject represents proposed construction, it requires a deduction for lease-up to stabilization. With the estimated lease-up period estimated in the preceding discussion, the appropriate safe rate is concluded at 2.0%, based upon short-term comparable investment instruments. This analysis utilizes assumptions developed in the market analysis and income capitalization approach and will be deducted as a line item from each approach to render an "as complete" value estimate.

| LEASE UP DISCOUNT SCHEDULE    |            |            |            |            |            |            |            |            |            |            |            |            |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Month                         | 1          | 2          | 3          | 4          | 5          | 6          | 7          | 8          | 9          | 10         | 11         | 12         |
| <b>AS-STABILIZED</b>          |            |            |            |            |            |            |            |            |            |            |            |            |
| Potential Rental Income       | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   |
| Vacancy & Credit Loss (%)     | 4.25%      | 4.25%      | 4.25%      | 4.25%      | 4.25%      | 4.25%      | 4.25%      | 4.25%      | 4.25%      | 4.25%      | 4.25%      | 4.25%      |
| Vacancy & Credit Loss (\$)    | (\$2,815)  | (\$2,815)  | (\$2,815)  | (\$2,815)  | (\$2,815)  | (\$2,815)  | (\$2,815)  | (\$2,815)  | (\$2,815)  | (\$2,815)  | (\$2,815)  | (\$2,815)  |
| Net Rental Income             | \$63,410   | \$63,410   | \$63,410   | \$63,410   | \$63,410   | \$63,410   | \$63,410   | \$63,410   | \$63,410   | \$63,410   | \$63,410   | \$63,410   |
| Other Income                  | \$6,861    | \$6,861    | \$6,861    | \$6,861    | \$6,861    | \$6,861    | \$6,861    | \$6,861    | \$6,861    | \$6,861    | \$6,861    | \$6,861    |
| Effective Gross Income        | \$70,272   | \$70,272   | \$70,272   | \$70,272   | \$70,272   | \$70,272   | \$70,272   | \$70,272   | \$70,272   | \$70,272   | \$70,272   | \$70,272   |
| Total Expenses                | (\$18,726) | (\$18,726) | (\$18,726) | (\$18,726) | (\$18,726) | (\$18,726) | (\$18,726) | (\$18,726) | (\$18,726) | (\$18,726) | (\$18,726) | (\$18,726) |
| Net Operating Income          | \$51,546   | \$51,546   | \$51,546   | \$51,546   | \$51,546   | \$51,546   | \$51,546   | \$51,546   | \$51,546   | \$51,546   | \$51,546   | \$51,546   |
| <b>AS-IS</b>                  |            |            |            |            |            |            |            |            |            |            |            |            |
| Potential Rental Income       | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   | \$66,225   |
| Vacancy & Credit Loss (%)     | 100.0%     | 89.6%      | 78.9%      | 68.3%      | 57.6%      | 46.9%      | 36.3%      | 25.6%      | 14.9%      | 4.3%       | 4.3%       | 4.3%       |
| Vacancy & Credit Loss (\$)    | (\$66,225) | (\$59,327) | (\$52,263) | (\$45,199) | (\$38,135) | (\$31,071) | (\$24,007) | (\$16,943) | (\$9,879)  | (\$2,815)  | (\$2,815)  | (\$2,815)  |
| Net Rental Income             | \$0        | \$6,898    | \$13,962   | \$21,026   | \$28,090   | \$35,154   | \$42,218   | \$49,282   | \$56,346   | \$63,410   | \$63,410   | \$63,410   |
| Other Income                  | \$0        | \$746      | \$1,511    | \$2,275    | \$3,039    | \$3,804    | \$4,568    | \$5,332    | \$6,097    | \$6,861    | \$6,861    | \$6,861    |
| Effective Gross Income        | \$0        | \$7,645    | \$15,473   | \$23,302   | \$31,130   | \$38,958   | \$46,787   | \$54,615   | \$62,443   | \$70,272   | \$70,272   | \$70,272   |
| Total Expenses (30% Variable) | (\$13,108) | (\$13,719) | (\$14,345) | (\$14,971) | (\$15,597) | (\$16,223) | (\$16,849) | (\$17,474) | (\$18,100) | (\$18,726) | (\$18,726) | (\$18,726) |
| Net Operating Income          | (\$13,108) | (\$6,075)  | \$1,128    | \$8,331    | \$15,533   | \$22,736   | \$29,938   | \$37,141   | \$44,343   | \$51,546   | \$51,546   | \$51,546   |
| NOI Differential              | \$64,654   | \$57,620   | \$50,418   | \$43,215   | \$36,013   | \$28,810   | \$21,608   | \$14,405   | \$7,203    | \$0        | \$0        | \$0        |
| Tenant Improvements           | \$21,864   | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        |
| Leasing Commissions           | \$1,093    | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        |
| Sub-Total                     | \$87,611   | \$57,620   | \$50,418   | \$43,215   | \$36,013   | \$28,810   | \$21,608   | \$14,405   | \$7,203    | \$0        | \$0        | \$0        |
| Plus: Profit @ 20.00%         | \$17,522   | \$11,524   | \$10,084   | \$8,643    | \$7,203    | \$5,762    | \$4,322    | \$2,881    | \$1,441    | \$0        | \$0        | \$0        |
| Total Lease-Up Cost           | \$105,133  | \$69,144   | \$60,501   | \$51,858   | \$43,215   | \$34,572   | \$25,929   | \$17,286   | \$8,643    | \$0        | \$0        | \$0        |
| Discounted @ 2.00%            | \$104,958  | \$68,914   | \$60,200   | \$51,514   | \$42,857   | \$34,228   | \$25,629   | \$17,057   | \$8,514    | \$0        | \$0        | \$0        |

## CONCLUSION

The subject property is located in a rural community in eastern South Dakota. The market has historically had high occupancies for market rate housing and there is demand for an increase in market rate apartment projects. While the new units developed will likely cause an increase in the overall vacancy rate, the demographics and demand indicate that there is demand for the units and the market will need some time to absorb the supply of units. Overall, the subject property is reasonably well located for an apartment project in the Central Business District of Watertown.

## Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

### AS VACANT

#### Legal Permissibility

The legally permissible uses were discussed in the Site Analysis and Zoning Sections.

#### Physical Possibility

The subject is adequately served by utilities, and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development). Existing structures on similar sites provides additional evidence for the physical possibility of development.

#### Financial Feasibility

Potential uses of the site include various retail or multi-family uses. The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. As discussed in the market analysis, the subject multifamily market is generally stabilized. Development of new multifamily properties has occurred in the past few years. Further, within the subject market, there are two proposed or under construction multifamily projects in the competitive market.

Development of a build-to-suit structure for a specific tenant/owner is also considered financially feasible.

#### Maximum Productivity - Conclusion

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land.

Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as if vacant would be the development of a mixed-use multifamily property.

## **AS PROPOSED**

### **Legal Permissibility**

As discussed, the subject site's zoning and legal restrictions permit a variety of land uses. The site has been proposed to be a mixed-use multifamily development that is a legal, conforming nonconforming use.

### **Physical Possibility**

The layout and positioning of the proposed improvements are considered functional for multifamily use. While it would be physically possible for a wide variety of uses, based on the legal restrictions and the design of the improvements, the continued use of the property for multifamily users would be the most functional use.

### **Financial Feasibility**

The financial feasibility of an multifamily property is based on the amount of rent which can be generated, less operating expenses required to generate that income; if a residual amount exists, then the land is being put to a productive use. Based upon the income capitalization approach conclusion, the subject as a stabilized asset should produce a positive net cash flow and proposed utilization of the improvements for multifamily purposes would be considered financially feasible. In the as stabilized condition, the site improvements will be contributing significantly to the overall property value, as demonstrated by the market. The site improvements will have a substantial amount of remaining economic life and have good functional utility.

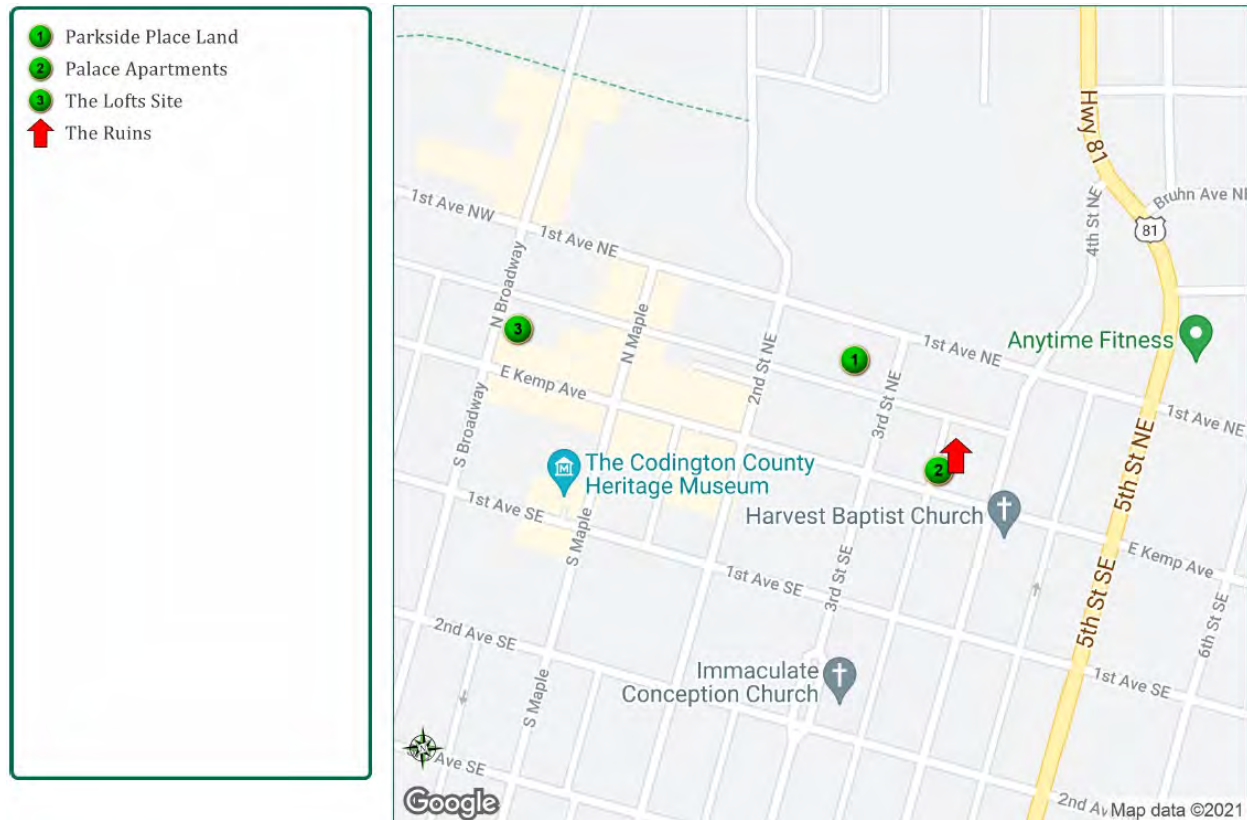
### **Maximum Productivity - Conclusion**

As shown in the applicable valuation sections, buildings that are similar to the subject have been developed, acquired, or continue to be used by multifamily owners/tenants. None of the comparable buildings have been acquired for conversion to an alternative use. The most likely buyer for the subject property is considered to be Investor-Local.

Based on the foregoing, the highest and best use of the property, as proposed, is consistent with the proposed use as a multifamily development.

## Land Value

The following map and table summarize the comparable data used in the valuation of the subject site. A detailed description of each transaction is included in the addenda.



### SUMMARY OF COMPARABLE LAND SALES

| No.     | Property Location                             | Transaction Type | Transaction Date | Proposed Use                     | Actual Sale Price | Adjusted Sale Price <sup>1</sup> | Size (SF) | Price Per SF |
|---------|---|------------------|------------------|----------------------------------|-------------------|----------------------------------|-----------|--------------|
| 1       | 8 2nd Street Northeast<br>Watertown, SD 57108 | Sale             | Apr-20           | Mixed-Use<br>Retail/Multi-Family | \$425,000         | \$503,000                        | 16,500    | \$30.48      |
| 2       | 315 E Kemp Avenue<br>Watertown, SD 57201      | Sale             | Nov-19           | Mixed-Use                        | \$350,000         | \$507,000                        | 17,000    | \$29.82      |
| 3       | 10 N Broadway Street<br>Watertown, SD 57201   | Sale             | Aug-19           | Mixed-Use Multi-Family & Retail  | \$260,000         | \$439,000                        | 23,038    | \$19.06      |
| Subject | 315 East Kemp,<br>Watertown, South Dakota     | ---              | ---              | Mixed-use/Multifamily            | ---               | ---                              | 17,251    | ---          |

<sup>1</sup> Adjusted sale price for cash equivalency and/or development costs (where applicable)



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The sales utilized represent the best data available for comparison with the subject and were selected from the Watertown Central Business District. These sales were chosen based upon use, size, and location.





## DISCUSSION/ANALYSIS OF LAND SALES

### Land Sale One

| Land Sale Summary |   |  |   |  |  |  |   |
|-------------------|---|--|---|--|--|--|---|
| No.               | Primary Image   | Name and Location<br>Gov./Tax ID   | Land Area - Net<br>Land Area - Net<br>Shape<br>Topography<br>Utilities                  | Property Subtype<br>Zoning<br>Dev. Status<br>Max. Bldg. Area<br>Max Allow. Units     | Trans. Type<br>Date<br>Buyer<br>Seller<br>Verification                 | Adj. Sales Price<br>Price/Land Area<br>Price/Land Area<br>Price/Bldg. Area<br>Price/Unit | Detailed Map  |
| 1                 |  | <b>Parkside Place Land</b><br>8 2nd Street Northeast<br>Watertown, SD 57108<br>United States<br><br>9358 | 16,500 sf<br>0.379 ac<br><br>Rectangular<br><br>Level, At Street<br>Grade<br>All public | Mixed-Use<br>C-1 - Community<br>Commercial District<br>Platted<br><br>N/A<br><br>N/A | Sale<br>04/2020<br><br>Jesse Craig<br><br>GT Brothers LLC<br><br>Buyer | \$503,000<br>\$30.48/sf<br><br>\$1,327,877.51/a<br>c<br>N/A<br>N/A                       |  |
| Proposed Uses     |   |  | Mixed-Use Retail/Multi-Family   |  |  |  |   |

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

### Land Sale Two

| Land Sale Summary |   |   |   |  |  |  |   |
|-------------------|---|---|---|--|--|--|---|
| No.               | Primary Image   | Name and Location<br>Gov./Tax ID  | Land Area - Net<br>Land Area - Net<br>Shape<br>Topography<br>Utilities                  | Property Subtype<br>Zoning<br>Dev. Status<br>Max. Bldg. Area<br>Max Allow. Units | Trans. Type<br>Date<br>Buyer<br>Seller<br>Verification                     | Adj. Sales Price<br>Price/Land Area<br>Price/Land Area<br>Price/Bldg. Area<br>Price/Unit | Detailed Map  |
| 2                 |  | <b>Palace Apartments</b><br>315 E Kemp Avenue<br>Watertown, SD 57201<br>United States<br><br>9352 | 17,000 sf<br>0.390 ac<br><br>Rectangular<br><br>Level, At Street<br>Grade<br>All public | Mixed-Use<br>C-1 - Community<br>Commercial<br>Platted<br><br>N/A<br><br>N/A      | Sale<br>11/2019<br><br>Craig Holdings LLC<br><br>Confidential<br><br>Buyer | \$507,000<br>\$29.82/sf<br><br>\$1,299,000.77/a<br>c<br>N/A<br>N/A                       |  |
| Proposed Uses     |   |   | Mixed-Use   |  |  |  |   |

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

### Land Sale Three

| Land Sale Summary |   |   |   |  |   |  |   |
|-------------------|---|---|---|--|---|--|---|
| No.               | Primary Image   | Name and Location<br>Gov./Tax ID  | Land Area - Net<br>Land Area - Net<br>Shape<br>Topography<br>Utilities                  | Property Subtype<br>Zoning<br>Dev. Status<br>Max. Bldg. Area<br>Max Allow. Units     | Trans. Type<br>Date<br>Buyer<br>Seller<br>Verification            | Adj. Sales Price<br>Price/Land Area<br>Price/Land Area<br>Price/Bldg. Area<br>Price/Unit | Detailed Map  |
| 3                 |  | <b>The Lofts Site</b><br>10 N Broadway Street<br>Watertown, SD 57201<br>United States<br><br>9391 | 23,038 sf<br>0.529 ac<br><br>Rectangular<br><br>Level, At Street<br>Grade<br>All public | Mixed-Use<br>C-1 - Community<br>Commercial District<br>Platted<br><br>N/A<br><br>N/A | Sale<br>08/2019<br><br>The Lofts, LLC<br><br>Various<br><br>Buyer | \$439,000<br>\$19.06/sf<br><br>\$830,024.58/ac<br>N/A<br>N/A                             |  |
| Proposed Uses     |   |   | Mixed-Use Multi-Family & Retail   |  |   |  |   |

In terms of conditions of sale, this comparable was considered inferior and received an upward adjustment for this characteristic due to the buyer purchased two parcels for assemblage and approached the seller, non arms length. The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

## SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

| LAND SALES ADJUSTMENT GRID          |                            |                |                             |             |
|-------------------------------------|----------------------------|----------------|-----------------------------|-------------|
| Comparable Number                   | 1                          | 2              | 3                           | Subject     |
| Transaction Type                    | Sale                       | Sale           | Sale                        | ---         |
| Transaction Date                    | Apr-20                     | Nov-19         | Aug-19                      | ---         |
| Proposed Use                        | Mixed-Use<br>Retail/Multi- | Mixed-Use      | Mixed-Use<br>Multi-Family & | Multifamily |
| Actual Sale Price                   | \$425,000                  | \$350,000      | \$260,000                   | ---         |
| Adjusted Sale Price <sup>1</sup>    | \$503,000                  | \$507,000      | \$439,000                   | ---         |
| Size (Acres)                        | 0.38                       | 0.39           | 0.53                        | 0.40        |
| Size (SF)                           | 16,500                     | 17,000         | 23,038                      | 17,251      |
| Price Per SF                        | \$30.48                    | \$29.82        | \$19.06                     | ---         |
| Price (\$ PSF)                      | \$30.48                    | \$29.82        | \$19.06                     |             |
| Property Rights Conveyed            | 0%                         | 0%             | 0%                          |             |
| Financing Terms <sup>1</sup>        | 0%                         | 0%             | 0%                          |             |
| Conditions of Sale                  | 0%                         | 0%             | 30%                         |             |
| Market Conditions (Time)            | 2%                         | 3%             | 4%                          |             |
| Subtotal                            | \$31.09                    | \$30.71        | \$25.77                     |             |
| Size                                | 0%                         | 0%             | 0%                          |             |
| Shape                               | 0%                         | 0%             | 0%                          |             |
| Corner                              | 0%                         | 0%             | 0%                          |             |
| Frontage                            | 0%                         | 0%             | 0%                          |             |
| Topography                          | 0%                         | 0%             | 0%                          |             |
| Location                            | 0%                         | 0%             | 0%                          |             |
| Zoning/Density                      | 0%                         | 0%             | 0%                          |             |
| Utilities                           | 0%                         | 0%             | 0%                          |             |
| Highest & Best Use                  | 0%                         | 0%             | 0%                          |             |
| Total Other Adjustments             | 0%                         | 0%             | 0%                          |             |
| <b>Value Indication for Subject</b> | <b>\$31.09</b>             | <b>\$30.71</b> | <b>\$25.77</b>              |             |
| Absolute Adjustment                 | 2%                         | 3%             | 34%                         |             |

<sup>1</sup> Adjusted sale price for cash equivalency and/or development costs (where applicable)

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## CONCLUSION

Prior to adjustment the comparable land sales ranged in sale price between \$19.06 PSF and \$30.48 PSF per square foot with an unadjusted average sale price of \$26.45 PSF per square foot. Subsequent adjustment for market conditions, size, and frontage, the comparable sales narrow in sale price range and are between \$25.77 PSF and \$31.09 PSF per square foot with an average adjusted sale price of \$29.19 PSF per square foot.

Based on the preceding analysis, Comparables Two (subject site acquisition) warranted greatest consideration as these sales required the least amount of adjustment.

| CONCLUDED LAND VALUE    |   |                  |   |                  |
|-------------------------|---|------------------|---|------------------|
| \$ PSF                  |   | Subject SF       |   | Total            |
| \$25.77                 | x | 17,251           | = | \$444,543        |
| \$31.09                 | x | 17,251           | = | \$536,327        |
| <b>Indicated Value:</b> |   |                  |   | <b>\$520,000</b> |
|                         |   | (Rounded \$ PSF) |   | \$30.14          |
| Compiled by CBRE        |   |                  |   |                  |

## Cost Approach

In estimating the replacement cost new for the subject, the following methods/data sources have been utilized (where available):

- the comparative unit method, utilizing the Marshall Valuation Service (MVS) cost guide, published by Marshall and Swift, LLC;
- the subject's actual construction costs (where available); and
- actual/budget construction cost figures available for comparable properties.

### MARSHALL VALUATION SERVICE

#### Direct Cost

Salient details regarding the direct costs are summarized in the Cost Approach Conclusion at the end of this section. The MVS cost estimates include the following:

1. average architect's and engineer's fees for plans, plan check, building permits and survey(s) to establish building line;
2. normal interest in building funds during the period of construction plus a processing fee or service charge;
3. materials, sales taxes on materials, and labor costs;
4. normal site preparation including finish grading and excavation for foundation and backfill;
5. utilities from structure to lot line figured for typical setback;
6. contractor's overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc.;
7. site improvements (included as lump sum additions); and
8. initial tenant improvement costs are included in MVS cost estimate. However, additional lease-up costs such as advertising, marketing and leasing commissions are not included.

Base building costs (direct costs) are adjusted to reflect the physical characteristics of the subject. Making these adjustments, including the appropriate local and current cost multipliers, the direct building cost is indicated.

#### Additions

Items not included in the direct building cost estimate include parking and walks, signage, landscaping, and miscellaneous site improvements. The cost for these items is estimated separately using the segregated cost sections of the MVS cost guide.

#### Indirect Cost Items

Several indirect cost items are not included in the direct building cost figures derived through the MVS cost guide. These items include developer overhead (general and administrative costs), property taxes, legal and insurance costs, local development fees and contingencies, lease-up and marketing costs and miscellaneous costs.

## MVS Conclusion

The concluded direct and indirect building cost estimates obtained via the MVS cost guide are illustrated as follows:

| MARSHALL VALUATION SERVICE COST SCHEDULE                            |  |                       |                       |
|---|--|-----------------------|-----------------------|
| Primary Building Type:  | Multifamily                                | Height per Story:     | 10'                   |
| Effective Age:  | 0 YRS                                      | Number of Buildings:  | 1                     |
| Condition:  | New  | Gross Building Area:  | 100,908 SF            |
| Exterior Wall:  | Masonry                                    | Net Rentable Area:    | 55,495 SF             |
| Number of Units:  | 63   | Average Unit Size:    | 881 SF                |
| Number of Stories:  | 4  | Average Floor Area:   | 25,227 SF             |
| <b>MVS Sec/Page</b>   |  | 13/33/May 20          | 11/19/Nov 20          |
| <b>Quality/Bldg. Class</b>  |  | Good/C                | Good/C                |
| <b>Building Component</b>   |  | Retail Bsmt - Parking | Garage                |
|   |  |                       | Apartment (High-Rise) |
|   |  |                       | (300)                 |
| <b>Component Sq. Ft.</b>  |  | 4,162 SF              | 41,251 SF             |
| <b>Base Square Foot Cost</b>  |  | \$100.00              | \$35.00               |
|   |  |                       | \$130.00              |
| <b>Square Foot Refinements</b>                                      |  |                       |                       |
| Heating and Cooling   |  | \$8.69                | \$0.00                |
| Sprinklers  |  | \$2.60                | \$3.78                |
| Other   |  | \$0.00                | \$0.00                |
| Other   |  | \$0.00                | \$0.00                |
| Subtotal  |  | \$111.29              | \$38.78               |
|   |  |                       | \$142.85              |
| <b>Height and Size Refinements</b>                                  |  |                       |                       |
| Number of Stories Multiplier  |  | 1.000                 | 1.000                 |
| Height per Story Multiplier   |  | 1.000                 | 1.000                 |
| Floor Area Multiplier   |  | 0.938                 | 0.938                 |
| Subtotal  |  | \$104.39              | \$36.38               |
|   |  |                       | \$140.69              |
| <b>Cost Multipliers</b>   |  |                       |                       |
| Current Cost Multiplier   |  | 1.03                  | 1.03                  |
| Local Multiplier  |  | 0.96                  | 0.96                  |
| <b>Final Square Foot Cost</b>                                       |  | \$103.22              | \$35.97               |
|   |  |                       | \$139.12              |
| <b>Base Component Cost</b>  |  | \$429,605             | \$1,483,726           |
|   |  |                       | \$7,720,309           |
| <b>Base Building Cost</b>   | (via Marshall Valuation Service cost data) |                       | \$9,633,640           |
| <b>Additions</b>  |  |                       |                       |
| Signage, Landscaping & Misc. Site Improvements (not included above) |  |                       | \$25,000              |
| Parking/Walks (not included above)                                  |  |                       | \$25,000              |
| Other   |  |                       | \$0                   |
| <b>Direct Building Cost</b>   |  |                       | \$9,683,640           |
| <b>Indirect Costs</b>   | 10.0% of Direct Building Cost              |                       | \$968,364             |
| <b>Direct and Indirect Building Cost</b>                            |  |                       | \$10,652,004          |
| <b>Rounded</b>  |  |                       | \$10,652,000          |
| Compiled by CBRE  |  |                       |                       |

## ACTUAL/BUDGET COMPARABLE CONSTRUCTION COSTS

The subject's budget construction costs are illustrated in the following table. A detailed breakdown of the subject's cost estimate has been included in the Addenda.

| CONSTRUCTION COSTS                |                        |                               |                               |             |                               |
|-----------------------------------|------------------------|-------------------------------|-------------------------------|-------------|-------------------------------|
| Comparable:                       | 1                      | 2                             | 3                             | Average     | Subject                       |
| Name:                             | Confidential           | Confidential                  | Confidential                  |             |                               |
| Property Type                     | Multi-family<br>Garden | Multi-family<br>Mid/High Rise | Multi-family<br>Mid/High Rise |             | Multi-family<br>Mid/High Rise |
| Year of Cost Data                 | 2020                   | 2020                          | 2019                          |             | 2021                          |
| Cost Data Based Upon...           | Budget                 | Budget                        | Budget                        |             | Budget                        |
| Size (SF):                        | 100,732                | 52,940                        | 59,696                        | 71,123      | 100,908                       |
| Cost Component                    |                        |                               |                               |             |                               |
| Direct Cost                       | \$10,096,745           | \$4,427,521                   | \$5,800,556                   | \$6,774,941 | \$9,586,601                   |
| Indirect Cost                     |                        | \$735,925                     |                               | \$245,308   | \$521,182                     |
| Lease-up Cost                     | \$280,000              |                               |                               | \$93,333    |                               |
| Total Direct, Indirect & Lease-up | \$10,376,745           | \$5,163,446                   | \$5,800,556                   | \$7,113,582 | \$10,107,783                  |
| Cost Adjustment                   | \$0                    | (\$503,000)                   | \$0                           | (\$167,667) | \$0                           |
| Total Adjusted Costs              | \$10,376,745           | \$4,660,446                   | \$5,800,556                   | \$6,945,916 | \$10,107,783                  |
| Rounded                           |                        |                               |                               | \$6,946,000 | \$10,108,000                  |
| Cost Per SF                       | \$103.01               | \$88.03                       | \$97.17                       | \$96.07     | \$100.17                      |
| Compiled by CBRE                  |                        |                               |                               |             |                               |

## DIRECT AND INDIRECT COST CONCLUSION

The indicated direct and indirect building costs for the subject are illustrated as follows:

| DIRECT AND INDIRECT COST CONCLUSION |                     |                 |
|-------------------------------------|---------------------|-----------------|
| Source                              | Subject Estimate    | Per SF          |
| MVS Cost Guide                      | \$10,652,000        | \$105.56        |
| Cost Comparables (Avg.)             | n/a                 | \$96.07         |
| Subject's Budget Cost Est.          | \$10,108,000        | \$100.17        |
| <b>CBRE Estimate</b>                | <b>\$10,108,000</b> | <b>\$100.17</b> |
| Compiled by CBRE                    |                     |                 |

The estimates derived via MVS represent replacement cost while the subject's budgeted figures represent reproduction costs. The subject's budgeted cost was given most consideration towards a cost conclusion for the subject. As it is supported by the MVS cost guide and cost comparables.

## ENTREPRENEURIAL PROFIT

Entrepreneurial profit represents the return to the developer and is separate from contractor's overhead and profit.

## ACCRUED DEPRECIATION

There are essentially three sources of accrued depreciation:

1. physical deterioration, both curable and incurable;
2. functional obsolescence, both curable and incurable; and
3. external obsolescence.



### Physical Deterioration

The following chart provides a summary of the remaining economic life.

| ECONOMIC AGE AND LIFE                   |          |
|---|----------|
| Actual Age                              | 0 Years  |
| Effective Age                           | 0 Years  |
| MYS Expected Life                       | 50 Years |
| Remaining Economic Life                 | 50 Years |
| Accrued Physical Incurable Depreciation | 0.0%     |
| Compiled by CBRE                        |          |

### Functional Obsolescence

Based on a review of the design and layout of the improvements, no forms of curable functional obsolescence were noted. Because replacement cost considers the construction of the subject improvements utilizing modern materials and current standards, design and layout, functional incurable obsolescence is not applicable.

### External Obsolescence

Based on a review of the local market and neighborhood, no forms of external obsolescence affect the subject.

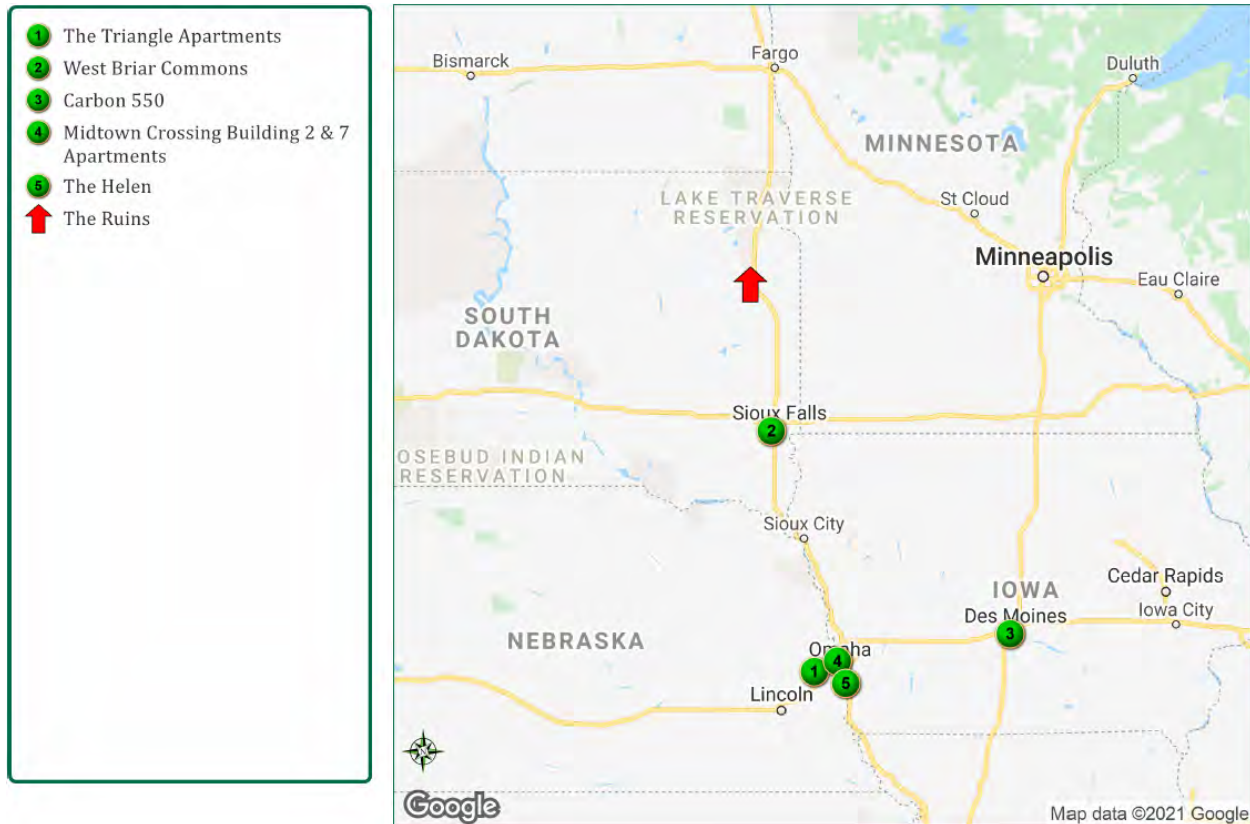
### COST APPROACH CONCLUSION

The value estimate is calculated as follows.

| COST APPROACH CONCLUSION                 |                                   |                      |                     |
|--|-----------------------------------|----------------------|---------------------|
| Primary Building Type:                   | Multifamily                       | Height per Story:    | 10'                 |
| Effective Age:                           | 0 YRS                             | Number of Buildings: | 1                   |
| Condition:                               | New                               | Gross Building Area: | 100,908 SF          |
| Exterior Wall:                           | Masonry                           | Net Rentable Area:   | 55,495 SF           |
| Number of Units:                         | 63                                | Average Unit Size:   | 881 SF              |
| Number of Stories:                       | 4                                 | Average Floor Area:  | 25,227 SF           |
| <b>Direct and Indirect Building Cost</b> |                                   |                      | <b>\$10,108,000</b> |
| <b>Entrepreneurial Profit</b>            | 5.0% of Total Building Cost       |                      | <b>\$505,400</b>    |
| <b>Replacement Cost New</b>              |                                   |                      | <b>\$10,613,400</b> |
| <b>Accrued Depreciation</b>              |                                   |                      |                     |
| Incurable Physical Deterioration         | 0.0% of Replacement Cost New less | \$0                  |                     |
|  | Curable Physical Deterioration    |                      |                     |
| Functional Obsolescence                  |                                   | \$0                  |                     |
| External Obsolescence                    |                                   | \$0                  |                     |
| Total Accrued Depreciation               | 0.0% of Replacement Cost New      |                      | \$0                 |
| Contributory Value of FF&E               |                                   |                      | \$0                 |
| <b>Depreciated Replacement Cost</b>      |                                   |                      | <b>\$10,613,400</b> |
| <b>Land Value</b>                        |                                   |                      | <b>\$520,000</b>    |
| <b>Indicated Stabilized Value</b>        |                                   |                      | <b>\$11,133,400</b> |
| <b>Rounded</b>                           |                                   |                      | <b>\$11,130,000</b> |
| Curable Physical Deterioration           |                                   | \$0                  |                     |
| Lease-Up Discount                        |                                   | (\$414,000)          |                     |
| <b>Indicated Value As Complete</b>       |                                   |                      | <b>\$10,716,000</b> |
| <b>Rounded</b>                           |                                   |                      | <b>\$10,720,000</b> |
| Value Per Unit                           |                                   |                      | \$170,159           |
| Compiled by CBRE                         |                                   |                      |                     |

## Sales Comparison Approach

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.





| SUMMARY OF COMPARABLE MULTIFAMILY SALES |  |                  |        |              |                            |           |                |                   |                                  |                             |        |              |       |
|---|--|------------------|--------|--------------|----------------------------|-----------|----------------|-------------------|----------------------------------|-----------------------------|--------|--------------|-------|
| No.                                     | Property Name  | Transaction Type | Date   | YOC / Reno'd | Property Subtype           | No. Units | Avg. Unit Size | Actual Sale Price | Adjusted Sale Price <sup>1</sup> | Price Per Unit <sup>1</sup> | Occ.   | NOI Per Unit | OAR   |
| 1                                       | The Triangle Apartments, 720 South 30th Street Omaha, NE 68105                 | Sale             | Jan-21 | 2017         | Multi-unit Mid / High Rise | 137       | 930            | \$25,000,000      | \$25,000,000                     | \$182,482                   | 94%    | \$8,942      | 4.90% |
| 2                                       | West Briar Commons, 2805 South Hidden Place Sioux Falls, SD 57106              | Sale             | Dec-20 | 2008 / 2010  | Multi-unit Garden          | 152       | 1,051          | \$19,700,000      | \$19,700,000                     | \$129,605                   | 96%    | \$6,929      | 5.35% |
| 3                                       | Carbon 550, 550 Watson Powell Jr. Way Des Moines, IA 50309                     | Sale             | Jan-20 | 2018         | Multi-unit Garden          | 50        | 901            | \$10,100,000      | \$8,480,000                      | \$169,600                   | 96%    | \$9,502      | 5.60% |
| 4                                       | Midtown Crossing Building 2 & 7 Apartments, 3157 Farnam Street Omaha, NE 68131 | Sale             | Aug-19 | 2010         | Multi-unit Mid / High Rise | 196       | 871            | \$31,200,000      | \$31,200,000                     | \$159,184                   | 89%    | \$7,285      | 4.58% |
| 5                                       | The Helen, 617 South 31st Street Omaha, NE 68105                               | Sale             | Feb-19 | 2016         | Multi-unit Mid / High Rise | 36        | 918            | \$4,500,000       | \$4,500,000                      | \$125,000                   | 87%    | \$7,908      | 6.33% |
| Subj. Pro Forma                         | The Ruins, 315 East Kemp Watertown, SD 57201                                   | ---              | ---    | 2022         | Multi-family Mid/High Rise | 63        | 881            | ---               | ---                              | ---                         | 96.00% | ---          | ---   |

<sup>1</sup> Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable)  
Compiled by CBRE

## DISCUSSION/ANALYSIS OF IMPROVED SALES

### Improved Sale One

| Retail Sale Summary |   |   |  |   |   |  |   |
|---------------------|---|---|--|---|---|--|---|
| No.                 | Primary Image   | Name and Location<br>Gov./Tax ID  | Property Subtype<br>Building Area<br>Land Area - Net<br>Year Built / Reno.<br>Floor Count<br>Parking Ratio | Buyer<br>Seller<br>Listing Broker<br>Selling Broker<br>Marketing Time<br>Verification | Trans. Type<br>Date<br>Interest Tran.<br>GLA Purchased                | Adj. Sales<br>Price<br>NOI<br>NIY/Cap Rt.<br>EGIM<br>Occ. At Sale<br>Price/Area  | Detailed Map  |
| 1                   |  | <b>The Triangle Apartments</b><br>720 South 30th Street<br>Omaha, NE 68105<br>United States<br><br>Multiple | Multi-unit Mid /<br>High Rise<br>140,272 sf<br><br>137 Unit<br>930 sf<br>5<br>2017                         | Melonic<br><br>3020 LEAVENWORTH<br>PARTNERS LLC<br>N/A<br>N/A<br>Appraisal            | Sale<br><br>01/2021<br><br>Fee Simple/Freehold<br>94%<br>\$25,000,000 | \$1,225,049<br><br>4.90%<br><br>11.83<br>42.02%<br>\$178.23/sf<br>\$182,482/Unit |  |
|                     |   |   | Primary Static Analysis Method   |   | Trailing Actuals  |  |   |

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. The downward adjustment for location reflects this comparable's superior feature with respect to location within a superior MSA. In terms of age/condition, this comparable was judged inferior due to older construction and more long-lived physical deterioration and received an upward adjustment for this characteristic. An adjustment for avg. unit size was considered appropriate for this comparable given superior unit size when compared to the subject. Because of this superior trait, a downward adjustment was considered appropriate. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.


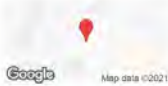
### Improved Sale Two

| Retail Sale Summary |   |  |  |   |   |   |   |
|---------------------|---|--|--|---|---|---|---|
| No.                 | Primary Image   | Name and Location<br>Gov./Tax ID   | Property Subtype<br>Building Area<br>Land Area - Net<br>Year Built / Reno.<br>Floor Count<br>Parking Ratio | Buyer<br>Seller<br>Listing Broker<br>Selling Broker<br>Marketing Time<br>Verification           | Trans. Type<br>Date<br>Interest Tran.<br>GLA Purchased                | Adj. Sales<br>Price<br>NOI<br>NIY/Cap Rt.<br>EGIM<br>Occ. At Sale<br>Price/Area | Detailed Map  |
| 2                   |  | <b>West Briar Commons</b><br>2805 South Hidden Place<br>Sioux Falls, SD 57106<br>United States<br><br>Multiple | Multi-unit Garden<br>159,792 sf<br>152 Unit<br>1,051 sf<br>2<br>2008 / 2010                                | MRES Acquisitions, LLC<br>Lloyd Company<br>Ernst Commercial<br>N/A<br>N/A<br>Purchase Agreement | Sale<br><br>12/2020<br><br>Fee Simple/Freehold<br>96%<br>\$19,700,000 | \$1,053,189<br><br>5.35%<br>11.46<br>38.76%<br>\$123.29/sf<br>\$129,605/Unit    |  |
|                     |   |  | Primary Static Analysis Method   |   | Trailing Actuals  |   |   |

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. In terms of age/condition, this comparable was judged inferior due to older construction and more long-lived physical deterioration and received an upward adjustment for this characteristic. An adjustment for avg. unit size was considered appropriate for this comparable given superior unit size when compared to the subject. Because of this superior trait, a downward adjustment was considered appropriate. With respect to parking, this comparable was considered inferior in this aspect and received an upward adjustment because of less desirable parking amenities. An other category adjustment was considered appropriate for this



comparable given lack of commercial retail income, therefore inferior net operating income when compared to the subject. Because of this inferior trait, an upward adjustment was considered appropriate. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

### Improved Sale Three

| Retail Sale Summary |   |   |   |   |  |   |   |
|---------------------|---|---|---|---|--|---|---|
| No.                 | Primary Image   | Name and Location<br>Gov./Tax ID  | Property Subtype  | Buyer   | Trans. Type<br>Date  | Adj. Sales<br>Price   | Detailed Map  |
|                     |   |   | Building Area   | Seller  |  | NOI   |   |
|                     |   |   | Land Area - Net   | Listing Broker  | Interest Tran.   | NIY/Cap Rt.   |   |
|                     |   |   | Year Built / Reno.  | Selling Broker  |  | EGIM  |   |
|                     |   |   | Floor Count   | Marketing Time  |  | Occ. At Sale  |   |
|                     |   |   | Parking Ratio   | Verification  | GLA Purchased  | Price/Area  |   |
| 3                   |  | <b>West Towne Flats</b><br>4710 Mortensen Road<br>Ames, IA 50014<br>United States | Multi-unit Student<br>40,988 sf<br>35 Unit<br>1,171 sf<br>4<br>2015 | Havkamp<br>N/A<br>N/A<br>N/A<br>Public Records, Buyer | Sale<br>04/2020<br>Fee Simple/Freehold<br>80%<br>\$4,800,000 | \$280,731<br>5.85%<br>8.81<br>48.45%<br>\$117.11/sf<br>\$137,143/Unit |  |
|                     |   |   | Primary Static Analysis Method Pro Forma (Stabilized)               |   |  |   |   |

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. The downward adjustment for location reflects this comparable's superior feature with respect to location within a superior MSA. In terms of age/condition, this comparable was judged inferior due to older construction and more long-lived physical deterioration and received an upward adjustment for this characteristic. An adjustment for avg. unit size was considered appropriate for this comparable given superior unit size when compared to the subject. Because of this superior trait, a downward adjustment was considered appropriate. An other category adjustment was considered appropriate for this comparable given lack of commercial retail income, therefore inferior net operating income when compared to the subject. Because of this inferior trait, an upward adjustment was considered appropriate. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

### Improved Sale Four

| Retail Sale Summary |   |   |   |  |   |  |   |
|---------------------|---|---|---|--|---|--|---|
| No.                 | Primary Image   | Name and Location<br>Gov./Tax ID  | Property Subtype  | Buyer  | Trans. Type<br>Date   | Adj. Sales<br>Price  | Detailed Map  |
|                     |   |   | Building Area   | Seller   |   | NOI  |   |
|                     |   |   | Land Area - Net   | Listing Broker   | Interest Tran.  | NIY/Cap Rt.  |   |
|                     |   |   | Year Built / Reno.  | Selling Broker   |   | EGIM   |   |
|                     |   |   | Floor Count   | Marketing Time   |   | Occ. At Sale   |   |
|                     |   |   | Parking Ratio   | Verification   | GLA Purchased   | Price/Area   |   |
| 4                   |  | <b>Midtown Crossing Building 2 &amp; 7 Apartments</b><br>3157 Farnam Street<br>Omaha, NE 68131<br>United States | Multi-unit Mid / High Rise<br>217,342 sf<br>196 Unit<br>871 sf<br>8<br>2010 | Commercial Investment Properties (CIP)<br>Mutual of Omaha<br>N/A<br>N/A<br>Appraisal | Sale<br>08/2019<br>Fee Simple/Freehold<br>89%<br>\$31,200,000 | \$1,427,861<br>4.58%<br>10.09<br>53.83%<br>\$143.55/sf<br>\$159,184/Unit |  |
|                     |   |   | Primary Static Analysis Method Trailing Actuals                             |  |   |  |   |



The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. The downward adjustment for location reflects this comparable's superior feature with respect to location within a superior MSA. In terms of age/condition, this comparable was judged inferior due to older construction and more long-lived physical deterioration and received an upward adjustment for this characteristic. An adjustment for avg. unit size was considered appropriate for this comparable given superior unit size when compared to the subject. Because of this superior trait, a downward adjustment was considered appropriate. An other category adjustment was considered appropriate for this comparable given inferior net operating income when compared to the subject. Because of this inferior trait, an upward adjustment was considered appropriate. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

### Improved Sale Five

| Retail Sale Summary            |  |   |  |  |  |   |  |
|--------------------------------|--|---|--|--|--|---|--|
| No.                            | Primary Image  | Name and Location<br>Gov./Tax ID  | Property Subtype<br>Building Area<br>Land Area - Net<br>Year Built / Reno.<br>Floor Count<br>Parking Ratio | Buyer<br>Seller<br>Listing Broker<br>Selling Broker<br>Marketing Time<br>Verification    | Trans. Type<br>Date<br>Interest Tran.<br>GLA Purchased           | Adj. Sales<br>Price<br>NOI<br>NIY/Cap Rt.<br>EGIM<br>Occ. At Sale<br>Price/Area | Detailed Map   |
| 5                              |  | <b>The Helen</b><br>617 South 31st Street<br>Omaha, NE 68105<br>United States<br><br>2103560003 | Multi-unit Mid /<br>High Rise<br>N/A<br>36 Unit<br>918 sf<br>4<br>2016                                     | Invest Omaha IV, LLC<br><br>N/A<br>John Heine<br>John Heine<br>N/A<br>John Heine, CoStar | Sale<br><br>02/2019<br>Fee Simple/Freehold<br>87%<br>\$4,500,000 | \$284,691<br><br>6.33%<br>9.52<br>39.77%<br>\$136.14/sf<br>\$125,000/Unit       |  |
| Primary Static Analysis Method |  |   | Pro Forma (Stabilized)   |  |  |   |  |

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. The downward adjustment for location reflects this comparable's superior feature with respect to location within a superior MSA. In terms of age/condition, this comparable was judged inferior due to older construction and more long-lived physical deterioration and received an upward adjustment for this characteristic. An adjustment for avg. unit size was considered appropriate for this comparable given superior unit size when compared to the subject. Because of this superior trait, a downward adjustment was considered appropriate. With respect to parking, this comparable was considered inferior in this aspect and received an upward adjustment because of less desirable parking amenities. An other category adjustment was considered appropriate for this comparable given inferior net operating income when compared to the subject. Because of this inferior trait, an upward adjustment was considered appropriate. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

### SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.



| MULTIFAMILY SALES ADJUSTMENT GRID |                               |                      |                      |                               |                               |                               |
|-----------------------------------|-------------------------------|----------------------|----------------------|-------------------------------|-------------------------------|-------------------------------|
| Comparable Number                 | 1                             | 2                    | 3                    | 4                             | 5                             | Subj. Pro<br>Forma            |
| Transaction Type                  | Sale                          | Sale                 | Sale                 | Sale                          | Sale                          | ---                           |
| Transaction Date                  | Jan-21                        | Dec-20               | Jan-20               | Aug-19                        | Feb-19                        | ---                           |
| Year Built/Renovated              | 2017                          | 2008 / 2010          | 2018                 | 2010                          | 2016                          | 2022                          |
| Property Subtype                  | Multi-unit Mid /<br>High Rise | Multi-unit<br>Garden | Multi-unit<br>Garden | Multi-unit Mid /<br>High Rise | Multi-unit Mid /<br>High Rise | Multi-family<br>Mid/High Rise |
| No. Units                         | 137                           | 152                  | 50                   | 196                           | 36                            | 63                            |
| Avg. Unit Size                    | 930                           | 1,051                | 901                  | 871                           | 918                           | 881                           |
| Actual Sale Price                 | \$25,000,000                  | \$19,700,000         | \$10,100,000         | \$31,200,000                  | \$4,500,000                   | ---                           |
| Adjusted Sale Price <sup>1</sup>  | \$25,000,000                  | \$19,700,000         | \$8,480,000          | \$31,200,000                  | \$4,500,000                   | ---                           |
| Price Per Unit <sup>1</sup>       | \$182,482                     | \$129,605            | \$169,600            | \$159,184                     | \$125,000                     | ---                           |
| Occupancy                         | 94%                           | 96%                  | 96%                  | 89%                           | 87%                           | 96%                           |
| NOI Per Unit                      | \$8,942                       | \$6,929              | \$9,502              | \$7,285                       | \$7,908                       | \$9,818                       |
| OAR                               | 4.90%                         | 5.35%                | 5.60%                | 4.58%                         | 6.33%                         | ---                           |
| Adj. Price Per Unit               | \$182,482                     | \$129,605            | \$169,600            | \$159,184                     | \$125,000                     |                               |
| Property Rights Conveyed          | 0%                            | 0%                   | 0%                   | 0%                            | 0%                            |                               |
| Financing Terms <sup>1</sup>      | 0%                            | 0%                   | 0%                   | 0%                            | 0%                            |                               |
| Conditions of Sale                | 0%                            | 0%                   | 0%                   | 0%                            | 0%                            |                               |
| Market Conditions (Time)          | 1%                            | 1%                   | 3%                   | 3%                            | 4%                            |                               |
| Subtotal - Price Per Unit         | \$184,307                     | \$130,901            | \$174,688            | \$163,959                     | \$130,000                     |                               |
| Location                          | -10%                          | 0%                   | -10%                 | -10%                          | -10%                          |                               |
| Project Size                      | 0%                            | 0%                   | 0%                   | 0%                            | 0%                            |                               |
| Age/Condition                     | 6%                            | 15%                  | 3%                   | 14%                           | 5%                            |                               |
| Quality of Construction           | 0%                            | 0%                   | 0%                   | 0%                            | 0%                            |                               |
| Avg. Unit Size                    | -4%                           | -13%                 | -3%                  | -2%                           | -6%                           |                               |
| Project Amenities                 | 0%                            | 0%                   | 0%                   | 0%                            | 0%                            |                               |
| Parking                           | 0%                            | 10%                  | 0%                   | 0%                            | 10%                           |                               |
| Other                             | 0%                            | 10%                  | 10%                  | 10%                           | 10%                           |                               |
| Total Other Adjustments           | -8%                           | 22%                  | 0%                   | 12%                           | 9%                            |                               |
| Indicated Value Per Unit          | \$169,562                     | \$159,700            | \$174,688            | \$183,634                     | \$141,700                     |                               |
| Absolute Adjustment               | 21%                           | 49%                  | 29%                  | 39%                           | 45%                           |                               |

<sup>1</sup> Adjusted for cash equivalency, lease-up and/or deferred maintenance (where applicable)  
Compiled by CBRE

## SALE PRICE PER SQUARE FOOT CONCLUSION

Prior to adjustment the comparable sales ranged in sale price between \$125,000 and \$182,482 per unit with an average unadjusted sale price of \$153,174 per unit. Subsequent adjustment for market conditions, location, age/condition, and average unit size, the comparable sales narrow in sale price and are between \$141,700 and \$183,634 per unit with an average adjusted sale price of \$165,857 per unit.

Narrowing the range further Sales One, and Three were given consideration due to similar NOI per unit performance when compared to the subject. A sale price toward the upper end of this range is reasonable due to the new construction, forecasted NOI, and additional retail income of the subject.

The following chart presents the valuation conclusion:

### SALES COMPARISON APPROACH

| Total Units | X | Value Per Unit | = | Value        |
|-------------|---|----------------|---|--------------|
| 63          | X | \$170,000      | = | \$10,710,000 |
| 63          | X | \$175,000      | = | \$11,025,000 |

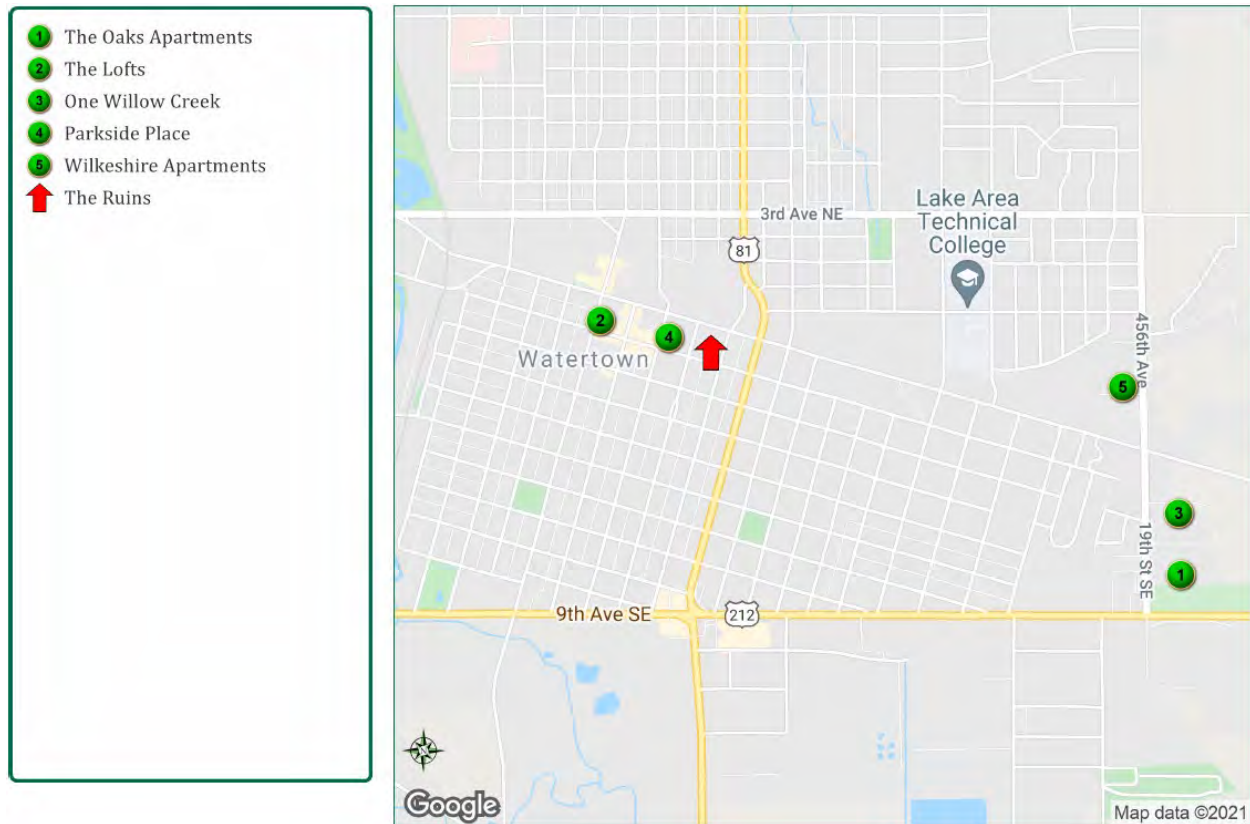
### VALUE CONCLUSION

|                                    |                     |
|------------------------------------|---------------------|
| <b>Indicated Stabilized Value</b>  | <b>\$11,025,000</b> |
| Deferred Maintenance               | \$0                 |
| Lease-Up Discount                  | (\$414,000)         |
| <b>Indicated Value As Complete</b> | <b>\$10,611,000</b> |
| <b>Rounded</b>                     | <b>\$10,610,000</b> |
| <b>Value Per Unit</b>              | <b>\$168,413</b>    |

Compiled by CBRE

## Income Capitalization Approach

The following map and table summarize the primary comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



**SUMMARY OF COMPARABLE MULTIFAMILY RENTALS**

| No.   | Property Name         | Location  | YOC /<br>Reno'd | Property Subtype              | Occ. | No.<br>Units | Distance<br>from Subj |
|-------|-----------------------|---|-----------------|-------------------------------|------|--------------|-----------------------|
| 1     | The Oaks Apartments   | 218 19th Street SE<br>Watertown, SD 57201       | 2020            | Multi-unit Garden             | 97%  | 72           | 1.3 Miles             |
| 2     | The Lofts             | 10 North Broadway Street<br>Watertown, SD 57201 | 2020            | Multi-unit Mid / High Rise    | 90%  | 39           | 0.3 Miles             |
| 3     | One Willow Creek      | 2000 Kemp Place East<br>Watertown, SD 57201     | 2016            | Multi-unit Mid / High Rise    | 100% | 36           | 1.2 Miles             |
| 4     | Parkside Place        | 8 2nd Street Northeast<br>Watertown, SD 57201   | 2021            | Multi-unit Mid / High Rise    | 0%   | 36           | 0.1 Miles             |
| 5     | Wilkeshire Apartments | 1845 North Westminster<br>Watertown, SD 57201   | 1993            | Multi-unit Garden             | 100% | 45           | 1.0 Miles             |
| Subj. | The Ruins             | 315 East Kemp,<br>Watertown, South Dakota       | 2022            | Multi-family<br>Mid/High Rise | 0%   | 63           | ---                   |

Compiled by CBRE

The rentals utilized represent the best data available for comparison with the subject. They were selected from our research within Watertown, South Dakota. These comparables were chosen based upon age/condition, quality, location, and competitiveness with the subject.

## DISCUSSION/ANALYSIS OF RENT COMPARABLES

| Comparable Name                       | The Oaks Apartments | The Lofts    | One Willow Creek | Parkside Place | Wilkeshire Apartments |
|---------------------------------------|---------------------|--------------|------------------|----------------|-----------------------|
| Year Built                            | 2020                | 2020         | 2016             | 2021           | 1993                  |
| Year Renovated                        | --                  | --           | --               | --             | --                    |
| Characteristic                        | Comparable 1        | Comparable 2 | Comparable 3     | Comparable 4   | Comparable 5          |
| Location                              | ○                   | ○            | ○                | ○              | ○                     |
| Age/Condition                         | ○                   | ○            | ○                | ○              | ▼                     |
| Design Appeal                         | ○                   | ○            | ○                | ○              | ○                     |
| Quality of Construction               | ○                   | ○            | ○                | ○              | ○                     |
| Project Amenities                     | ○                   | ○            | ▼                | ○              | ○                     |
| Included Utilities                    | ○                   | ○            | ○                | ○              | ○                     |
| <b>Overall</b>                        | ○                   | ○            | ○                | ○              | ○                     |
| ▼ = Inferior ○ = Similar △ = Superior |                     |              |                  |                |                       |
| Source: CBRE                          |                     |              |                  |                |                       |

### Rent Comparable One

| Residential Comparable Summary |   |  |  |   |  |   |
|--------------------------------|---|--|--|---|--|---|
| No.                            | Primary Image   | Name and Location<br>Gov./Tax ID   | Property Subtype<br>Building Area<br># of Units<br>Floor Count<br>Year Built / Reno. | Occupancy<br>Owner<br>Management<br>Utilities Included In Rent<br>Concessions | Survey Date<br>Lease Term<br>Avg Area Per Unit<br>Avg Rent Per Unit<br>Avg Rent Per Area | Detailed Map  |
| 1                              |  | The Oaks Apartments<br>218 19th Street SE<br>Watertown, SD 57201<br>United States<br>721 | Multi-unit Garden<br>N/A<br>72 Unit<br>3<br>2020                                     | 97%<br>N/A<br>Elation Properties<br>Water, Sewer, Trash<br>2 Months free WIFI | 04/2021<br>6 - 12 Mo(s).<br>620 sf<br>\$813<br>\$1.31                                    |  |
| Survey Notes:                  |   |  | 844-669-0794   |   |  |   |



As compared to the subject, this project was regarded as similar in terms of all characteristics and we expect the subject to achieve rental rates that are similar to this project on a monthly basis.

### Rent Comparable Two

| Residential Comparable Summary |   |   |  |   |  |   |
|--------------------------------|---|---|--|---|--|---|
| No.                            | Primary Image   | Name and Location<br>Gov./Tax ID  | Property Subtype<br>Building Area<br># of Units<br>Floor Count<br>Year Built / Reno. | Occupancy<br>Owner<br>Management<br>Utilities Included In Rent<br>Concessions               | Survey Date<br>Lease Term<br>Avg Area Per Unit<br>Avg Rent Per Unit<br>Avg Rent Per Area | Detailed Map  |
| 2                              |  | The Lofts<br>10 North Broadway Street<br>Watertown, SD 57201<br>United States<br>9391 | Multi-unit Mid / High Rise<br>26,793 sf<br>39 Unit<br>4<br>2020                      | 90%<br>N/A<br>N/A<br>Water, Sewer and Trash<br>Save \$50 on \$915 units with 12 month lease | 04/2021<br>12 Mo(s).<br>654 sf<br>\$924<br>\$1.41  |  |
| Survey Notes:                  |   |   | Verified by owner  |   |  |   |


As compared to the subject, this project was regarded as similar in terms of all characteristics and we expect the subject to achieve rental rates that are similar to this project on a monthly basis.

### Rent Comparable Three

| Residential Comparable Summary |   |  |  |   |  |   |
|--------------------------------|---|--|--|---|--|---|
| No.                            | Primary Image   | Name and Location<br>Gov./Tax ID   | Property Subtype<br>Building Area<br># of Units<br>Floor Count<br>Year Built / Reno. | Occupancy<br>Owner<br>Management<br>Utilities Included In Rent<br>Concessions | Survey Date<br>Lease Term<br>Avg Area Per Unit<br>Avg Rent Per Unit<br>Avg Rent Per Area | Detailed Map  |
| 3                              |  | <b>One Willow Creek</b><br>2000 Kemp Place East<br>Watertown, SD 57201<br>United States<br><br>20169 | Multi-unit Mid /<br>High Rise<br>36,444 sf<br>36<br>3<br>2016                        | 100%<br>N/A<br>N/A<br>Water, Sewer, Trash and WiFi<br>1%                      | 03/2021<br>12 Mo(s).<br>1,134 sf<br>\$1,198<br>\$1.06                                    |  |
| Survey Notes:                  |   |  | N/A  |   |  |   |



As compared to the subject, this project was viewed as inferior with respect to project amenities, while regarded as similar in terms of location, age/condition, design appeal, quality of construction and included utilities. Overall, this comparable is similar to the subject and we expect the subject to achieve rental rates that are similar to this project on a monthly basis.

### Rent Comparable Four

| Residential Comparable Summary |  |   |  |   |  |  |
|--------------------------------|--|---|--|---|--|--|
| No.                            | Primary Image  | Name and Location<br>Gov./Tax ID  | Property Subtype<br>Building Area<br># of Units<br>Floor Count<br>Year Built / Reno. | Occupancy<br>Owner<br>Management<br>Utilities Included In Rent<br>Concessions | Survey Date<br>Lease Term<br>Avg Area Per Unit<br>Avg Rent Per Unit<br>Avg Rent Per Area | Detailed Map   |
| 4                              |  | <b>Parkside Place</b><br>8 2nd Street Northeast<br>Watertown, SD 57201<br>United States<br><br>9358 | Multi-unit Mid /<br>High Rise<br>40,000 sf<br>36 Unit<br>4<br>2021                   | 0%<br>GT Brothers LLC<br>N/A<br>water, sewer, and trash<br>None               | 03/2021<br>12 Mo(s).<br>764 sf<br>\$945<br>\$1.24  |  |
| Survey Notes:                  |  |   | N/A  |   |  |  |

As compared to the subject, this project was regarded as similar in terms of all characteristics and we expect the subject to achieve rental rates that are similar to this project on a monthly basis.

### Rent Comparable Five

| Residential Comparable Summary |   |   |  |   |  |   |
|--------------------------------|---|---|--|---|--|---|
| No.                            | Primary Image   | Name and Location<br>Gov./Tax ID  | Property Subtype<br>Building Area<br># of Units<br>Floor Count<br>Year Built / Reno. | Occupancy<br>Owner<br>Management<br>Utilities Included In Rent<br>Concessions | Survey Date<br>Lease Term<br>Avg Area Per Unit<br>Avg Rent Per Unit<br>Avg Rent Per Area | Detailed Map  |
| 5                              |  | <b>Wilkeshire Apartments</b><br>1845 North Westminster<br>Watertown, SD 57201<br>United States<br><br>15495 | Multi-unit Garden<br>70,000 sf<br>45 Unit<br>3<br>1993                               | 100%<br>N/A<br>N/A<br>Water, Sewer and Trash<br>None                          | 03/2021<br>6 - 12 Mo(s).<br>929 sf<br>\$953<br>\$1.03                                    |  |
| Survey Notes:                  |   |   | N/A  |   |  |   |

As compared to the subject, this project was viewed as inferior with respect to age/condition, while regarded as similar in terms of location, design appeal, quality of construction, project amenities and included utilities. Overall, this comparable is similar to the subject and we expect the subject to achieve rental rates that are similar to this project on a monthly basis.

## SUBJECT RENTAL INFORMATION

The following table shows the subject's unit mix and quoted rental rates.

| SUBJECT RENTAL INFORMATION |              |                |           |               |                     |             |
|----------------------------|--------------|----------------|-----------|---------------|---------------------|-------------|
| Type                       | No. of Units | Unit Size (SF) | Unit Occ. | Recent Leases | Avg. Quoted \$/Unit | Rent Per SF |
| Studio                     | 12           | 636            | 0%        | \$890         | \$890               | \$1.40      |
| 1BD/1Ba                    | 36           | 716            | 0%        | \$970         | \$970               | \$1.35      |
| 2BD/1Ba                    | 15           | 1,195          | 0%        | \$1,375       | \$1,375             | \$1.15      |
| Total/Average:             | 63           | 815            | 0%        | -----         | \$1,051             | \$1.29      |

Compiled by CBRE

| RENT ROLL ANALYSIS FOR THE RUINS |                   |              |             |                  |             |               |         |             |          |                      |               |
|----------------------------------|-------------------|--------------|-------------|------------------|-------------|---------------|---------|-------------|----------|----------------------|---------------|
| Suite No.                        | Tenant            | Tenant Type  | Lease Start | Lease Expiration | Term (Mos.) | Size (GLA) SF | % Total | Market Rent |          | Market Expense Basis | Contract Rent |
|                                  |                   |              |             |                  |             |               |         | \$/SF/Yr.   | \$/Yr.   |                      | \$/SF/Yr.     |
|                                  | City of Watertown | Retail Space | Jun-22      | May-27           | 60          | 4,162         | 7.5%    | \$10.00     | \$41,620 | NNN                  | \$10.00       |
| Occupied Subtotals               |                   |              |             |                  |             | 4,162         | 7.5%    | \$10.00     | \$41,620 |                      | \$10.00       |
| Property Totals - Contract Rent  |                   |              |             |                  |             | 4,162         | 7.5%    |             |          |                      | \$41,620      |
| Property Totals - Market Rent    |                   |              |             |                  |             | 4,162         | 7.5%    | \$0.75      | \$41,620 |                      | \$10.00       |

Compiled by CBRE

## MARKET RENT ESTIMATE

In order to estimate the market rates for the various floor plans, the subject unit types have been compared with similar units in the comparable projects. The following is a discussion of each unit type.

### Efficiency Units

| SUMMARY OF COMPARABLE RENTALS<br>EFFICIENCY/STUDIO UNITS |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Comparable   | Plan Type     | Size (SF)     | Rental Rates  |               |
|  |               |               | \$/Mo.        | \$/SF         |
| <b>Subject (Avg. Quoted)</b>                             | <b>Studio</b> | <b>636 SF</b> | <b>\$890</b>  | <b>\$1.40</b> |
| <b>Subject (Concluded Mkt.)</b>                          | <b>Studio</b> | <b>636 SF</b> | <b>\$890</b>  | <b>\$1.40</b> |
| The Oaks Apartments                                      | Studio        | 500 SF        | \$676 - \$726 | \$1.40        |

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The subject's quoted rental rates are within the range indicated by the rent comparables. The subject's pro forma indicates a range of \$885 to \$895 per month for efficiency units. Considering the available data, monthly market rent for the subject units is estimated at \$890 per unit or \$1.40 per square foot.



## One-Bedroom Units

| SUMMARY OF COMPARABLE RENTALS<br>ONE BEDROOM UNITS |                |               |               |               |
|--|----------------|---------------|---------------|---------------|
| Comparable   | Plan Type      | Size (SF)     | Rental Rates  |               |
|  |                |               | \$/Mo.        | \$/SF         |
| Wilkeshire Apartments                              | 1BR/1BA        | 880 SF        | \$800         | \$0.91        |
| One Willow Creek                                   | 1BR/1BA        | 681-732       | \$790 - \$845 | \$1.16        |
| Parkside Place                                     | 1BR/1BA        | 750-778       | \$945         | \$1.24        |
| The Oaks Apartments                                | 1BR/1BA        | 620 SF        | \$800 - \$825 | \$1.31        |
| <b>Subject (Avg. Quoted)</b>                       | <b>1BD/1Ba</b> | <b>716 SF</b> | <b>\$970</b>  | <b>\$1.35</b> |
| <b>Subject (Concluded Mkt.)</b>                    | <b>1BD/1Ba</b> | <b>716 SF</b> | <b>\$970</b>  | <b>\$1.35</b> |
| The Lofts  | 1BR/1BA        | 568-689       | \$875 - \$915 | \$1.42        |
| Compiled by CBRE                                   |                |               |               |               |

The subject's quoted rental rates are within the range indicated by the rent comparables. The subject's pro forma indicates a range of \$955 to \$985 per month for efficiency units. Considering the available data, monthly market rent for the subject units is estimated at \$970 per unit or \$1.35 per square foot.

## Two-Bedroom Units

| SUMMARY OF COMPARABLE RENTALS<br>TWO BEDROOM UNITS |                   |                 |                   |               |
|--|-------------------|-----------------|-------------------|---------------|
| Comparable   | Plan Type         | Size (SF)       | Rental Rates      |               |
|  |                   |                 | \$/Mo.            | \$/SF         |
| Wilkeshire Apartments                              | 2BR/1BA           | 980 SF          | \$875             | \$0.89        |
| One Willow Creek                                   | 2BR/2BA           | 1,114-1,697     | \$1,185 - \$1,695 | \$1.02        |
| <b>Subject (Avg. Quoted)</b>                       | <b>2BD/1Ba</b>    | <b>1,195 SF</b> | <b>\$1,375</b>    | <b>\$1.15</b> |
| <b>Subject (Concluded Mkt.)</b>                    | <b>2BD/1Ba</b>    | <b>1,195 SF</b> | <b>\$1,375</b>    | <b>\$1.15</b> |
| The Oaks Apartments                                | 2BR/2BA           | 912 SF          | \$1,075 - \$1,100 | \$1.19        |
| The Lofts  | 2BR/1BA           | 964 SF          | \$1,275           | \$1.32        |
| Wilkeshire Apartments                              | 2BR/1BA-Corporate | 1,080 SF        | \$1,475           | \$1.37        |
| Compiled by CBRE                                   |                   |                 |                   |               |

The subject's quoted rental rates are within the range indicated by the rent comparables. The subject's pro forma indicates \$1,375 per month for efficiency units. Considering the available data, monthly market rent for the subject units is estimated at \$1,375 per unit or \$1.15 per square foot.

## MARKET RENT CONCLUSIONS

The following chart shows the market rent conclusions for the subject:

| MARKET RENT CONCLUSIONS |           |                |          |              |        |          |             |         |              |
|-------------------------|-----------|----------------|----------|--------------|--------|----------|-------------|---------|--------------|
| No. Units               | Unit Type | Unit Size (SF) | Total SF | Monthly Rent |        |          | Annual Rent |         | Annual Total |
|                         |           |                |          | \$/Unit      | \$/SF  | PRI      | \$/Unit     | \$/SF   |              |
| 12                      | Studio    | 636            | 7,632    | \$890        | \$1.40 | \$10,680 | \$10,680    | \$16.79 | \$128,160    |
| 36                      | 1BD/1Ba   | 716            | 25,776   | \$970        | \$1.35 | \$34,920 | \$11,640    | \$16.26 | \$419,040    |
| 15                      | 2BD/1Ba   | 1,195          | 17,925   | \$1,375      | \$1.15 | \$20,625 | \$16,500    | \$13.81 | \$247,500    |
| 63                      |           | 815            | 51,333   | \$1,051      | \$1.29 | \$66,225 | \$12,614    | \$15.48 | \$794,700    |
| Compiled by CBRE        |           |                |          |              |        |          |             |         |              |

## MARKET COMMERCIAL RENT ESTIMATE

To estimate the market rates for the subject's retail space, the subject has been compared with similar retail space in the comparable projects. The following is summary of the comparables relied upon.

| Comparable Retail Asking Rents |            |              |                |                |
|--------------------------------|------------|--------------|----------------|----------------|
| Watertown, South Dakota        |            |              |                |                |
| Address                        | Space (sf) | Monthly Rent | Annual Rent    | Annual \$/sf   |
| 1505 9th Ave SE                | 2,000      | \$1,833      | \$22,000       | \$11.00        |
| 917 9th Ave SE                 | 1,040      | \$867        | \$10,400       | \$10.00        |
| 2700-2702 9th Ave SE           | 14,179     | \$11,816     | \$141,790      | \$10.00        |
| 911-929 29th St SE             | 4,690      | \$5,667      | \$68,005       | \$14.50        |
| 1002-1024 14th St SE           | 2688       | \$0          | \$0            |                |
| 2631 10 Ave SE                 | 6834       | \$5,695      | \$68,340       | \$10.00        |
| 1920 9th Ave SE                | 8400       | \$8,400      | \$100,800      | \$12.00        |
| 1325-1344 9th Ave SE           | 1188       | \$990        | \$11,880       | \$10.00        |
| 700 9th Ave SE                 | 66745      | \$61,183     | \$734,195      | \$11.00        |
| 920 5th St SE                  | 3900       | \$0          | \$0            |                |
|                                |            |              | <b>Average</b> | <b>\$11.06</b> |
| Subject                        | 2,800      | \$2,333      | \$28,000       | \$10.00        |
| Compiled by CBRE               |            |              |                |                |

Based on the above information the proposed rent of \$10.00 was relied upon for the market rate for the commercial rental income, or \$28,000 annually.

## POTENTIAL RENTAL INCOME CONCLUSION

Within this analysis, potential rental income is estimated based upon the forward-looking market rental rates over the next twelve months.

## OPERATING HISTORY

The following table presents available operating data for the subject. Management has provided their 2022 pro forma.

| OPERATING HISTORY                                     |                  |                |
|---|------------------|----------------|
| Year-Occupancy  | 2022             | 95.9%          |
|   | Total            | \$/Unit        |
| <b>Income</b>   |                  |                |
| Potential Rental Income                               | 801,900          | \$12,729       |
| Retail Income   | 26,640           | 423            |
| Vacancy   | (33,142)         | (526)          |
| Credit Loss   | -                | -              |
| 0   | -                | -              |
| Other Income  | 13,278           | 211            |
| 0   | (8,285)          | (132)          |
| RUBS/Utility Income                                   | -                | -              |
| Effective Gross Income                                | \$800,392        | \$12,705       |
| <b>Expenses</b>                                       |                  |                |
| Real Estate Taxes                                     | \$82,550         | \$1,310        |
| Property Insurance                                    | 12,500           | 198            |
| Utilities   | 19,900           | 316            |
| Administrative & General                              | 2,334            | 37             |
| Repairs & Maintenance                                 | 20,430           | 324            |
| Landscaping & Security                                | 1,200            | 19             |
| Management Fee <sup>1</sup>                           | 41,427           | 658            |
| Payroll   | 8,316            | 132            |
| 0   | -                | -              |
| Advertising & Promotion                               | 756              | 12             |
| Other   | -                | -              |
| Replacement Reserves                                  | -                | -              |
| Operating Expenses                                    | \$189,413        | \$3,007        |
| <b>Net Operating Income</b>                           | <b>\$610,978</b> | <b>\$9,698</b> |
| <sup>1</sup> (Mgmt. typically analyzed as a % of EGI) |                  |                |
|   | 5.2%             |                |
| Source: Operating statements                          |                  |                |

## RENT CONCESSIONS

Rent concessions are currently not prevalent in the local market nor are they present at the subject.

## VACANCY

The subject's estimated stabilized occupancy rate was previously discussed in the market analysis. The subject's vacancy is detailed as follows:

| <b>VACANCY</b>       |                 |           |
|----------------------|-----------------|-----------|
| Year                 | Total           | % PGI     |
| 2022                 | \$34,570        | 4%        |
| Current              | -----           | 100%      |
| <b>CBRE Estimate</b> | <b>\$33,453</b> | <b>4%</b> |
| Compiled by CBRE     |                 |           |

## CREDIT LOSS

The credit loss estimate is an allowance for nonpayment of rent or other income. The subject's credit loss is detailed as follows:

| <b>CREDIT LOSS</b>   |                |             |
|----------------------|----------------|-------------|
| Year                 | Total          | % PGI       |
| 2022                 | \$0            | 0.0%        |
| <b>CBRE Estimate</b> | <b>\$2,091</b> | <b>0.3%</b> |
| Compiled by CBRE     |                |             |

## OTHER INCOME

Other income is supplemental to that derived from leasing of the improvements. This includes categories such as forfeited deposits, vending machines, late charges, etc. The subject's income is detailed as follows:

| <b>OTHER INCOME</b>  |                 |              |
|----------------------|-----------------|--------------|
| Year                 | Total           | \$/Unit      |
| 2022                 | \$13,278        | \$211        |
| <b>CBRE Estimate</b> | <b>\$13,200</b> | <b>\$210</b> |
| Compiled by CBRE     |                 |              |

Our estimate is consistent with other properties operating in the area and generally supported by the available budgeted financial data.

## RETAIL/COMMERCIAL REIMBURSEMENTS

The subject market rent conclusions for the ground floor retail space is estimated on a triple net basis, where the tenant reimburses the landlord for all operating expense. The appraisers have determined that an applicable operating expense (including taxes, insurance, utilities, CAM, and management fee) is \$11.13 per square foot. The subject reimbursement income is details as follows:

| <b>RUBS/UTILITY INCOME</b> |                 |              |
|----------------------------|-----------------|--------------|
| Year                       | Total           | \$/Unit      |
| 2022                       | \$0             | \$0          |
| <b>CBRE Estimate</b>       | <b>\$31,168</b> | <b>\$495</b> |
| Compiled by CBRE           |                 |              |

## EFFECTIVE GROSS INCOME

The subject's effective gross income is detailed as follows:

| <b>EFFECTIVE GROSS INCOME</b> |                  |           |
|-------------------------------|------------------|-----------|
| Year                          | Total            | % Change  |
| 2022                          | \$800,392        | ---       |
| <b>CBRE Estimate</b>          | <b>\$843,259</b> | <b>5%</b> |
| Compiled by CBRE              |                  |           |

Appraiser have concluded a slightly lower higher commercial income than the subject pro forma based upon the increase in space leased proposed by the City of Watertown (2,000 to 4,162 square feet). We have relied on the anticipated rent per square foot from the developer's pro forma. As a result, a slightly lower effective gross income is considered reasonable.

## OPERATING EXPENSE ANALYSIS

### Expense Comparables

The following chart summarizes expenses obtained from recognized industry publications and/or comparable properties.

| EXPENSE COMPARABLES   |             |             |               |               |
|---|-------------|-------------|---------------|---------------|
| Comparable Number   | 1           | 2           | 3             | 4             |
| Location  | Watertown   | Watertown   | Watertown     | Watertown     |
| Unit Range  | 100 or less | 100 or less | 100 or less   | 100 or less   |
| Vintage   | 2020's      | 2020's      | 2020's        | 2020's        |
| Type  | Garden      | Garden      | Mid/High Rise | Mid/High Rise |
| Period  | 2020        | 2021 Budget | 2020 Budget   | 2020 Budget   |
| Revenues  | \$/Unit     | \$/Unit     | \$/Unit       | \$/Unit       |
| Effective Gross Income  | \$11,846    | \$13,932    | \$13,012      | \$15,075      |
| Expenses  |             |             |               |               |
| Real Estate Taxes   | \$1,486     | \$1,339     | \$1,817       | \$1,813       |
| Property Insurance  | 159         | 240         | 133           | 240           |
| Utilities   | 180         | 677         | 336           | 500           |
| Administrative & General  | 55          | 237         | 87            | 180           |
| Repairs & Maintenance   | 293         | 384         | 438           | 500           |
| Landscaping & Security  | -           | 146         | 66            | 754           |
| Management Fee <sup>1</sup>   | 615         | 495         | 670           | 250           |
| Payroll   | 48          | 408         | -             | 50            |
| #   | -           | -           | -             | -             |
| Advertising & Promotion   | -           | 36          | 18            | -             |
| Other   | -           | -           | -             | 1,213         |
| Replacement Reserves  | -           | 200         | -             | 250           |
| Operating Expenses  | \$2,836     | \$4,162     | \$3,565       | \$5,750       |
| Operating Expense Ratio   | 23.9%       | 29.9%       | 27.4%         | 38.1%         |
| <sup>1</sup> (Mgmt. typically analyzed as a % of EGI)                         | 5.2%        | 3.6%        | 5.1%          | 1.7%          |
| <sup>2</sup> The median total differs from the sum of the individual amounts. |             |             |               |               |
| Compiled by CBRE  |             |             |               |               |

A discussion of each expense category is presented on the following pages.

## Real Estate Taxes

The comparable data and projections for the subject are summarized as follows:

| REAL ESTATE TAXES    |                 |                |
|----------------------|-----------------|----------------|
| Year                 | Total           | \$/Unit        |
| 2022                 | \$82,550        | \$1,310        |
| Expense Comparable 1 | N/A             | \$1,486        |
| Expense Comparable 2 | N/A             | \$1,339        |
| Expense Comparable 3 | N/A             | \$1,817        |
| Expense Comparable 4 | N/A             | \$1,813        |
| <b>CBRE Estimate</b> | <b>\$98,101</b> | <b>\$1,557</b> |
| Compiled by CBRE     |                 |                |

We have concluded \$1,557 per unit for the subject's real estate taxes, which is within the range of the expense comparables. However, our estimate appears reasonable given the projected value of the subject.



### Property Insurance

Property insurance expenses typically include fire and extended coverage and owner's liability coverage. The comparable data and projections for the subject are summarized as follows:

| PROPERTY INSURANCE   |                 |              |
|----------------------|-----------------|--------------|
| Year                 | Total           | \$/Unit      |
| 2022                 | \$12,500        | \$198        |
| Expense Comparable 1 | N/A             | \$159        |
| Expense Comparable 2 | N/A             | \$240        |
| Expense Comparable 3 | N/A             | \$133        |
| Expense Comparable 4 | N/A             | \$240        |
| <b>CBRE Estimate</b> | <b>\$12,600</b> | <b>\$200</b> |
| Compiled by CBRE     |                 |              |

We have concluded \$200 per unit for the subject's property insurance, which is within the range of the expense comparables.

### Utilities

Utility expenses include electricity, natural gas, water, trash and sewer. The comparable data and projections for the subject are summarized as follows:

| UTILITIES            |                 |              |
|----------------------|-----------------|--------------|
| Year                 | Total           | \$/Unit      |
| 2022                 | \$19,900        | \$316        |
| Expense Comparable 1 | N/A             | \$180        |
| Expense Comparable 2 | N/A             | \$677        |
| Expense Comparable 3 | N/A             | \$336        |
| Expense Comparable 4 | N/A             | \$500        |
| <b>CBRE Estimate</b> | <b>\$19,845</b> | <b>\$315</b> |
| Compiled by CBRE     |                 |              |

We have concluded \$315 per unit for the subject's utilities, which is within the range of the expense comparables.

### Administrative & General

Administrative expenses typically include legal costs, accounting, telephone, supplies, furniture, temporary help and items that are not provided by off-site management. The comparable data and projections for the subject are summarized as follows:

| <b>ADMINISTRATIVE &amp; GENERAL</b> |                |             |
|-------------------------------------|----------------|-------------|
| Year                                | Total          | \$/Unit     |
| 2022                                | \$2,334        | \$37        |
| Expense Comparable 1                | N/A            | \$55        |
| Expense Comparable 2                | N/A            | \$237       |
| Expense Comparable 3                | N/A            | \$87        |
| Expense Comparable 4                | N/A            | \$180       |
| <b>CBRE Estimate</b>                | <b>\$3,493</b> | <b>\$55</b> |
| Compiled by CBRE                    |                |             |

We have concluded \$55 per unit for the subject's administrative & general, which is within the range of the expense comparables.

### Repairs and Maintenance

Repairs and maintenance expenses typically include all outside maintenance service contracts and the cost of maintenance and repairs supplies. The comparable data and projections for the subject are summarized as follows:

| <b>REPAIRS &amp; MAINTENANCE</b> |                 |              |
|----------------------------------|-----------------|--------------|
| Year                             | Total           | \$/Unit      |
| 2022                             | \$20,430        | \$324        |
| Expense Comparable 1             | N/A             | \$293        |
| Expense Comparable 2             | N/A             | \$384        |
| Expense Comparable 3             | N/A             | \$438        |
| Expense Comparable 4             | N/A             | \$500        |
| <b>CBRE Estimate</b>             | <b>\$20,475</b> | <b>\$325</b> |
| Compiled by CBRE                 |                 |              |

We have concluded \$325 per unit for the subject's repairs & maintenance, which is within the range of the expense comparables.

### Landscaping and Security

Landscaping and security expenses typically include all outside landscaping and grounds maintenance service contracts and the cost of landscaping supplies, as well as security services. The comparable data and projections for the subject are summarized as follows:

| <b>LANDSCAPING &amp; SECURITY</b> |                |             |
|-----------------------------------|----------------|-------------|
| Year                              | Total          | \$/Unit     |
| 2022                              | \$1,200        | \$19        |
| Expense Comparable 1              | N/A            | \$0         |
| Expense Comparable 2              | N/A            | \$146       |
| Expense Comparable 3              | N/A            | \$66        |
| Expense Comparable 4              | N/A            | \$754       |
| <b>CBRE Estimate</b>              | <b>\$4,410</b> | <b>\$70</b> |
| Compiled by CBRE                  |                |             |

We have concluded \$70 per unit for the subject's landscaping & security, which is within the range of the expense comparables.

### Management Fee

Management expenses are typically negotiated as a percentage of collected revenues (i.e., effective gross income). The comparable data and projections for the subject are summarized as follows:

| <b>MANAGEMENT FEE</b> |                 |             |
|-----------------------|-----------------|-------------|
| Year                  | Total           | % EGI       |
| 2022                  | \$41,427        | 5.2%        |
| <b>CBRE Estimate</b>  | <b>\$42,163</b> | <b>5.0%</b> |
| Compiled by CBRE      |                 |             |

We have concluded 5.00% of EGI for the subject's management fee, which is within the range of the expense comparables.

### Payroll

Payroll expenses typically include all payroll and payroll related items for all directly employed administrative personnel. Not included are the salaries or fees for off-site management firm personnel and services. The comparable data and projections for the subject are summarized as follows:

| <b>PAYROLL</b>       |                |              |
|----------------------|----------------|--------------|
| Year                 | Total          | \$/Unit      |
| 2022                 | \$8,316        | \$132        |
| Expense Comparable 1 | N/A            | \$48         |
| Expense Comparable 2 | N/A            | \$408        |
| Expense Comparable 3 | N/A            | \$0          |
| Expense Comparable 4 | N/A            | \$50         |
| <b>CBRE Estimate</b> | <b>\$8,505</b> | <b>\$135</b> |
| Compiled by CBRE     |                |              |

We have concluded \$135 per unit for the subject's payroll, which is within the range of the expense comparables.

### Advertising and Promotion

Advertising and promotion expenses typically include all costs associated with the promotion of the subject including advertisements in local publications, trade publications, yellow pages, et cetera. The comparable data and projections for the subject are summarized as follows:

| <b>ADVERTISING &amp; PROMOTION</b> |                |             |
|------------------------------------|----------------|-------------|
| Year                               | Total          | \$/Unit     |
| 2022                               | \$756          | \$12        |
| Expense Comparable 1               | N/A            | \$0         |
| Expense Comparable 2               | N/A            | \$36        |
| Expense Comparable 3               | N/A            | \$18        |
| Expense Comparable 4               | N/A            | \$0         |
| <b>CBRE Estimate</b>               | <b>\$1,260</b> | <b>\$20</b> |
| Compiled by CBRE                   |                |             |

We have concluded \$20 per unit for the subject's advertising & promotion, which is within the range of the expense comparables.

### Reserves for Replacement

Reserves for replacement have been estimated based on market parameters. The comparable data and projections for the subject are summarized as follows:

| <b>REPLACEMENT RESERVES</b> |                 |              |
|-----------------------------|-----------------|--------------|
| Year                        | Total           | \$/Unit      |
| 2022                        | \$0             | \$0          |
| Expense Comparable 1        | N/A             | \$0          |
| Expense Comparable 2        | N/A             | \$200        |
| Expense Comparable 3        | N/A             | \$0          |
| Expense Comparable 4        | N/A             | \$250        |
| <b>CBRE Estimate</b>        | <b>\$12,600</b> | <b>\$200</b> |
| Compiled by CBRE            |                 |              |

We have concluded \$200 per unit for the subject's replacement reserves, which is within the range of the expense comparables. Our estimate is consistent with typical reserves based on discussions with local market participants.

### OPERATING EXPENSE CONCLUSION

The comparable data and projections for the subject are summarized as follows:

| OPERATING EXPENSES   |                  |                |
|----------------------|------------------|----------------|
| Year                 | Total            | \$/Unit        |
| 2022                 | \$189,413        | \$3,007        |
| Expense Comparable 1 | N/A              | \$2,836        |
| Expense Comparable 2 | N/A              | \$4,162        |
| Expense Comparable 3 | N/A              | \$3,565        |
| Expense Comparable 4 | N/A              | \$5,750        |
| <b>CBRE Estimate</b> | <b>\$224,712</b> | <b>\$3,567</b> |
| Compiled by CBRE     |                  |                |

We have concluded \$3,567 per unit for the subject's operating expenses, which is within the range of the expense comparables.

## NET OPERATING INCOME CONCLUSION

The comparable data and projections for the subject are summarized as follows:

| NET OPERATING INCOME |                  |                |
|----------------------|------------------|----------------|
| Year                 | Total            | \$/Unit        |
| 2022                 | \$610,978        | \$9,698        |
| <b>CBRE Estimate</b> | <b>\$618,547</b> | <b>\$9,818</b> |
| Compiled by CBRE     |                  |                |

## DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate.

### Comparable Sales

The overall capitalization rates (OARs) confirmed for the comparable sales analyzed in the sales comparison approach are as follows:

| COMPARABLE CAPITALIZATION RATES |           |                       |           |                          |                    |
|---------------------------------|-----------|-----------------------|-----------|--------------------------|--------------------|
| Sale                            | Sale Date | Sale Price<br>\$/Unit | Occupancy | Buyer's Primary Analysis | OAR                |
| 1                               | Jan-21    | \$182,482             | 94%       | Trailing Actuals         | 4.90%              |
| 2                               | Dec-20    | \$129,605             | 96%       | Trailing Actuals         | 5.35%              |
| 3                               | Jan-20    | \$169,600             | 96%       | Pro Forma (Stabilized)   | 5.60%              |
| 4                               | Aug-19    | \$159,184             | 89%       | Trailing Actuals         | 4.58%              |
| 5                               | Feb-19    | \$125,000             | 87%       | Pro Forma (Stabilized)   | 6.33%              |
| <b>Indicated OAR:</b>           |           |                       | 96%       |                          | <b>4.58%-6.33%</b> |
| Compiled by: CBRE               |           |                       |           |                          |                    |

The overall capitalization rates for these sales were derived based upon the actual or pro-forma income characteristics of the property. Each of these sales shows a similar tenancy structure with

regard to stability and credit rating, whereby little if any adjustment adjustments are required when compared with the subject.

### Published Investor Surveys

The results of the most recent investor surveys are summarized in the following chart.

| OVERALL CAPITALIZATION RATES |                |                      |
|------------------------------|----------------|----------------------|
| Investment Type              | OAR Range      | Average              |
| <i>CBRE Apartments</i>       |                |                      |
| Class A                      | 4.52% - 5.34%  | 4.77%                |
| Class B                      | 4.81% - 5.85%  | 5.14%                |
| Class C                      | 5.36% - 7.10%  | 5.82%                |
| <i>RealtyRates.com</i>       |                |                      |
| Apartments                   | 3.82% - 11.98% | 7.88%                |
| Garden/Suburban TH           | 3.82% - 10.74% | 7.11%                |
| Hi-Rise/Urban TH             | 4.82% - 11.98% | 8.13%                |
| <i>PwC Apartment</i>         |                |                      |
| National Data                | 3.50% - 7.00%  | 5.04%                |
| <b>Indicated OAR:</b>        |                | <b>4.81% - 5.85%</b> |
| Compiled by: CBRE            |                |                      |

The subject is considered to be a Class B property. Because of the subject's location, an OAR near the middle of the range indicated in the preceding table is considered appropriate.

### Band of Investment

The band of the investment technique has been utilized as a crosscheck to the foregoing techniques. The Mortgage Interest Rate and the Equity Dividend Rate (EDR) are based upon current market yields for similar investments. The analysis is shown in the following table.

| BAND OF INVESTMENT                   |          |   |                   |
|--------------------------------------|----------|---|-------------------|
| Mortgage Interest Rate               | 3.25%    |   |                   |
| Mortgage Term (Amortization Period)  | 30 Years |   |                   |
| Mortgage Ratio (Loan-to-Value)       | 80%      |   |                   |
| Mortgage Constant (monthly payments) | 0.05222  |   |                   |
| Equity Dividend Rate (EDR)           | 7.00%    |   |                   |
| Mortgage Requirement                 | 80%      | x | 0.05222 = 0.04178 |
| Equity Requirement                   | 20%      | x | 0.07000 = 0.01400 |
|                                      | 100%     |   | 0.05578           |
| <b>Indicated OAR:</b>                |          |   | <b>5.60%</b>      |
| Compiled by: CBRE                    |          |   |                   |



## Debt Coverage Ratio

The debt coverage ratio (DCR) is the ratio of net operating income to annual debt service and measures the ability of a given property to meet its debt service out of net operating income. Utilizing data obtained from knowledgeable mortgage finance professionals, the subject's projected NOI can be tested for reasonableness against the market's typical loan parameters to determine whether or not the DCR is positive. This analysis is shown in the following table.

| <b>DEBT COVERAGE RATIO ANALYSIS</b>    |              |
|--|--------------|
| Estimated As Is Value                  | \$11,140,000 |
| Mortgage Ratio (Loan-to-Value)         | 80%          |
| Estimated Mortgage Loan Amount         | \$8,912,000  |
| Mortgage Interest Rate                 | 3.25%        |
| Mortgage Term (Amortization Period)    | 30 Years     |
| Mortgage Constant (monthly payments)   | 0.05222      |
| Annual Debt Service (monthly payments) | \$465,427    |
| Estimated NOI                          | \$618,547    |
| Estimated Debt Coverage Ratio (DCR)    | 1.33         |
| Market Debt DCR                        | 1.25         |
| Positive DCR? (Y or N)                 | Yes          |
| Compiled by: CBRE                      |              |

## Capitalization Rate Conclusion

The following chart summarizes the OAR conclusions.

| <b>OVERALL CAPITALIZATION RATE - CONCLUSION</b> |               |
|---|---------------|
| Source  | Indicated OAR |
| Comparable Sales                                | 4.58%-6.33%   |
| Published Surveys                               | 4.81% - 5.85% |
| Band of Investment                              | 5.60%         |
| <b>CBRE Estimate</b>                            | <b>5.50%</b>  |
| Compiled by: CBRE                               |               |

Overall, an OAR bracketed by the comparable sales and supported by the published surveys, band of investment method, and debt coverage ratio method is considered appropriate for the following reasons. Each reason applies upward or downward pressure on the selection of an OAR:

- Small market location (upward)
- Number of residential units (upward)
- Forecasted real estate taxes (upward)
- Chronological age (downward)
- Financing available in market (downward)

- Investment demand strong (downward)

## DIRECT CAPITALIZATION SUMMARY

A summary of the direct capitalization is illustrated in the following chart.

| DIRECT CAPITALIZATION SUMMARY      |       |                 |                     |
|------------------------------------|-------|-----------------|---------------------|
| Income                             |       | \$/Unit/Yr      | Total               |
| Potential Rental Income            |       | \$12,614        | \$794,700           |
| Loss to Lease                      | 0.00% | 0               | -                   |
| Concessions                        | 0.00% | 0               | -                   |
| <b>Adjusted Rental Income</b>      |       | <b>\$12,614</b> | <b>794,700</b>      |
| Retail Income                      |       | 661             | 41,620              |
| Vacancy                            | 4.00% | (531)           | (33,453)            |
| Credit Loss                        | 0.25% | (33.19)         | (2,091)             |
| <b>Net Rental Income</b>           |       | <b>\$12,711</b> | <b>\$800,776</b>    |
| Other Income                       |       | 210             | 13,200              |
| RUBS/Utility Income                |       | 495             | 31,168              |
| Vacancy & Credit Loss              | 4.25% | (30)            | (1,886)             |
| <b>Effective Gross Income</b>      |       | <b>\$13,385</b> | <b>\$843,259</b>    |
| <b>Expenses</b>                    |       |                 |                     |
| Real Estate Taxes                  |       | \$1,557         | \$98,101            |
| Property Insurance                 |       | 200             | 12,600              |
| Utilities                          |       | 315             | 19,845              |
| Administrative & General           |       | 55              | 3,493               |
| Repairs & Maintenance              |       | 325             | 20,475              |
| Landscaping & Security             |       | 70              | 4,410               |
| Management Fee                     | 5.00% | 669             | 42,163              |
| Payroll                            |       | 135             | 8,505               |
| Advertising & Promotion            |       | 20              | 1,260               |
| Other                              |       | 20              | 1,260               |
| Replacement Reserves               |       | 200             | 12,600              |
| <b>Operating Expenses</b>          |       | <b>\$3,567</b>  | <b>\$224,712</b>    |
| <b>Operating Expense Ratio</b>     |       |                 | 26.65%              |
| <b>Net Operating Income</b>        |       | <b>\$9,818</b>  | <b>\$618,547</b>    |
| <b>OAR</b>                         |       | ÷               | <b>5.50%</b>        |
| <b>Indicated Stabilized Value</b>  |       |                 | <b>\$11,246,307</b> |
| <b>Rounded</b>                     |       |                 | <b>\$11,250,000</b> |
| Deferred Maintenance               |       |                 | -                   |
| Lease-Up Discount                  |       |                 | (414,000)           |
| <b>Indicated Value As Complete</b> |       |                 | <b>\$10,832,307</b> |
| <b>Rounded</b>                     |       |                 | <b>\$10,830,000</b> |
| <b>Value Per Unit</b>              |       |                 | <b>\$171,905</b>    |
| Compiled by CBRE                   |       |                 |                     |

## CONCLUSION OF INCOME CAPITALIZATION APPROACH

The conclusions via the valuation methods employed for this approach are as follows:

| INCOME CAPITALIZATION APPROACH VALUES |                             |                                   |
|---------------------------------------|-----------------------------|-----------------------------------|
|                                       | As Complete<br>June 4, 2022 | As Stabilized on<br>March 4, 2023 |
| Direct Capitalization Method          | \$10,840,000                | \$11,250,000                      |
| Reconciled Value                      | \$10,840,000                | \$11,250,000                      |
| Compiled by CBRE                      |                             |                                   |

## Reconciliation of Value

The value indications from the approaches to value are summarized as follows:

| <b>SUMMARY OF VALUE CONCLUSIONS</b> |                         |                                |                                   |
|-------------------------------------|-------------------------|--------------------------------|-----------------------------------|
|                                     | As Is on<br>May 4, 2021 | As Complete on<br>June 4, 2022 | As Stabilized on<br>March 4, 2023 |
| Land Value                          | \$520,000               |                                |                                   |
| Cost Approach                       |                         | \$10,720,000                   | \$11,130,000                      |
| Sales Comparison Approach           |                         | \$10,620,000                   | \$11,030,000                      |
| Income Capitalization Approach      |                         | \$10,840,000                   | \$11,250,000                      |
| Reconciled Value                    | \$520,000               | \$10,730,000                   | \$11,140,000                      |
| Compiled by CBRE                    |                         |                                |                                   |

The cost approach typically gives a reliable value indication when there is strong support for the replacement cost estimate and when there is minimal depreciation. Considering the limited amount of depreciation present in the property, the reliability of the cost approach is considered good. Therefore, the cost approach is considered equally to the subject and has been given equal emphasis in the final value reconciliation.

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered highly comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication and has been given equal emphasis in the final value reconciliation.

The income capitalization approach is applicable to the subject since it is an income producing property leased in the open market. Market participants are primarily analyzing properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator and has been given equal emphasis in the final value estimate.

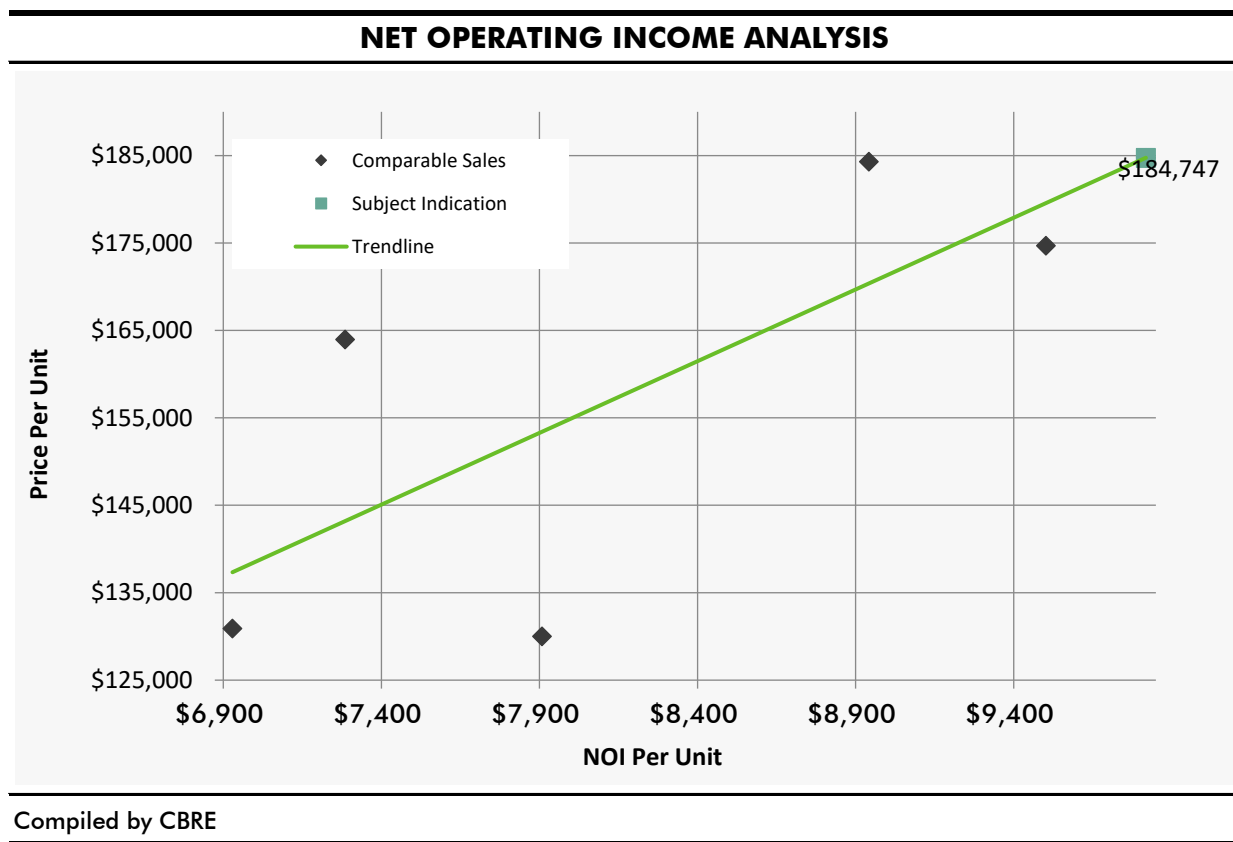
Based on the foregoing, the market value of the subject has been concluded as follows:

| <b>MARKET VALUE CONCLUSION</b> |                    |               |                  |
|--------------------------------|--------------------|---------------|------------------|
| Appraisal Premise              | Interest Appraised | Date of Value | Value Conclusion |
| As Is                          | Fee Simple Estate  | May 4, 2021   | \$520,000        |
| As Complete                    | Fee Simple Estate  | June 4, 2022  | \$10,730,000     |
| As Stabilized                  | Fee Simple Estate  | March 4, 2023 | \$11,140,000     |
| Compiled by CBRE               |                    |               |                  |

## REGRESSION ANALYSIS

As a cross check to the foregoing analysis, the net operating income (NOI) being generated by the comparable sales as compared to the subject's pro forma NOI estimated in the following income capitalization approach has been analyzed. In general, it is a fundamental assumption that the physical characteristics of a property (e.g., location, access, design/appeal, condition, etc.) are reflected in the net operating income being generated, and the resultant price paid for a property has a direct relationship to the NOI being generated.

The following NOI analysis chart illustrates the sale prices (after adjustments for conditions of sale and market conditions) of the individual sales plotted in comparison to their NOIs. In addition, a trend line has been plotted based on a linear regression analysis of the comparables. The subject's indicated value has been plotted along this trend line at its pro forma stabilized NOI.





## Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
  - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
  - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
  - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
  - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
  - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
  - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
  - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
  - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
  - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
  - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

**ADDENDA**

Addendum A

# LAND SALE DATA SHEETS

# Sale Land - Mixed-Use No. 1

Property Name Parkside Place Land  
Address 8 2nd Street Northeast  
Watertown, SD 57108  
United States

Government Tax Agency Codington  
Govt./Tax ID 9358

## Site/Government Regulations

|                 | Acres | Square feet |
|-----------------|-------|-------------|
| Land Area Net   | 0.379 | 16,500      |
| Land Area Gross | 0.379 | 16,500      |

|                         |                        |
|-------------------------|------------------------|
| Site Development Status | Platted                |
| Shape                   | Rectangular            |
| Topography              | Level, At Street Grade |
| Utilities               | All public             |

Maximum FAR N/A  
Min Land to Bldg Ratio N/A  
Maximum Density N/A

Frontage Distance/Street 130 ft 2nd Street NE

General Plan Commercial  
Specific Plan N/A  
Zoning C-1 - Community Commercial District  
Entitlement Status N/A



## Sale Summary

|                 |                 |                      |           |
|-----------------|-----------------|----------------------|-----------|
| Recorded Buyer  | Jesse Craig     | Marketing Time       | N/A       |
| True Buyer      | N/A             | Buyer Type           | Developer |
| Recorded Seller | GT Brothers LLC | Seller Type          | N/A       |
| True Seller     | N/A             | Primary Verification | Buyer     |

Interest Transferred N/A  
Current Use Banquet Hall  
Proposed Use Mixed-Use Retail/Multi-Family  
Listing Broker N/A  
Selling Broker N/A  
Doc # N/A

|                    |           |
|--------------------|-----------|
| Type               | Sale      |
| Date               | 4/21/2020 |
| Sale Price         | \$425,000 |
| Financing          | N/A       |
| Cash Equivalent    | \$425,000 |
| Capital Adjustment | \$78,000  |
| Adjusted Price     | \$503,000 |

## Transaction Summary plus Five-Year CBRE View History

| Transaction Date | Transaction Type | Buyer       | Seller          | Price     | Price/ac and /sf      |
|------------------|------------------|-------------|-----------------|-----------|-----------------------|
| 04/2020          | Sale             | Jesse Craig | GT Brothers LLC | \$425,000 | \$1,327,878 / \$30.48 |



| Sale | Land - Mixed-Use | No. 1 |
|------|------------------|-------|
|------|------------------|-------|

**Units of Comparison**

|                     |                             |
|---------------------|-----------------------------|
| \$30.48 / sf        | N/A / Unit                  |
| \$1,327,877.51 / ac | N/A / Allowable Bldg. Units |
|                     | N/A / Building Area         |

**Map & Comments**



Approximately 0.38 acres of the site as well as the 8,148 square foot building (Banquet Hall) is currently vested in the name of GT Brothers LLC. The 0.38-acre site and improvements are currently under contract for the amount of \$425,000 with the buyer responsible for the demolition of the building and site improvements. Demolition costs were provided by the buyer at \$78,000 for a total land cost of \$503,000 or \$30.48 per square foot.

It is noted that the remaining site (approx. 0.21 acres) is currently public alleyways owned by the city that will be transferred to the buyer at zero consideration for a total of a 0.59-acre site. The development plans call for a four-story mixed-use apartment/retail building with 36 units and 3,803 square feet of ground floor commercial space. The development will also include a first floor 36 stall parking garage. It is noted that the property will be right next to the proposed City Park to the east of the property.

**Sale Land - Mixed-Use No. 2**

Property Name Palace Apartments  
Address 315 E Kemp Avenue  
Watertown, SD 57201  
United States

Government Tax Agency Codington  
Govt./Tax ID 9352

**Site/Government Regulations**

|                 | Acres | Square feet |
|-----------------|-------|-------------|
| Land Area Net   | 0.390 | 17,000      |
| Land Area Gross | 0.390 | 17,000      |

|                         |                        |
|-------------------------|------------------------|
| Site Development Status | Platted                |
| Shape                   | Rectangular            |
| Topography              | Level, At Street Grade |
| Utilities               | All public             |

Maximum FAR N/A  
Min Land to Bldg Ratio N/A  
Maximum Density N/A

Frontage Distance/Street 85 ft Kemp Avenue E

General Plan Commercial  
Specific Plan N/A  
Zoning C-1 - Community Commercial  
Entitlement Status N/A



**Sale Summary**

|                 |                    |                      |       |
|-----------------|--------------------|----------------------|-------|
| Recorded Buyer  | Craig Holdings LLC | Marketing Time       | N/A   |
| True Buyer      | N/A                | Buyer Type           | N/A   |
| Recorded Seller | Confidential       | Seller Type          | N/A   |
| True Seller     | N/A                | Primary Verification | Buyer |

|                      |                           |
|----------------------|---------------------------|
| Interest Transferred | Fee Simple/Freehold       |
| Current Use          | Vacant Apartment Building |
| Proposed Use         | Mixed-Use                 |
| Listing Broker       | N/A                       |
| Selling Broker       | N/A                       |
| Doc #                | 425-4663                  |

|                    |                |
|--------------------|----------------|
| Type               | Sale           |
| Date               | 11/5/2019      |
| Sale Price         | \$350,000      |
| Financing          | Cash to Seller |
| Cash Equivalent    | \$350,000      |
| Capital Adjustment | \$157,000      |
| Adjusted Price     | \$507,000      |

**Transaction Summary plus Five-Year CBRE View History**

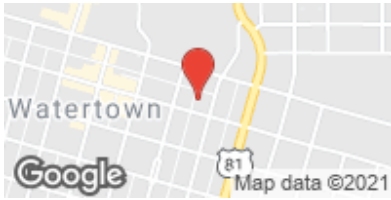
| Transaction Date | Transaction Type | Buyer              | Seller       | Price     | Price/ac and /sf      |
|------------------|------------------|--------------------|--------------|-----------|-----------------------|
| 11/2019          | Sale             | Craig Holdings LLC | Confidential | \$350,000 | \$1,299,001 / \$29.82 |

| <b>Sale</b> | <b>Land - Mixed-Use</b> | <b>No. 2</b> |
|-------------|-------------------------|--------------|
|-------------|-------------------------|--------------|

**Units of Comparison**

|                     |                             |
|---------------------|-----------------------------|
| \$29.82 / sf        | N/A / Unit                  |
| \$1,299,000.77 / ac | N/A / Allowable Bldg. Units |
|                     | N/A / Building Area         |

**Map & Comments**



This is the site of Palace Apartments, a 1920, 36-520 square foot apartment building. Buyer plans on demoing the building as well as removing all asbestos for an additional cost of \$157,000 for a total sale price of \$507,000. The proposed use of the site is a mixed-use development with studio, one-, and two-bedroom units as well as a two-level parking garage.

# Sale Land - Mixed-Use No. 3

Property Name The Lofts Site  
Address 10 N Broadway Street  
Watertown, SD 57201  
United States

Government Tax Agency Codington  
Govt./Tax ID 9391

## Site/Government Regulations

|                 | Acres | Square feet |
|-----------------|-------|-------------|
| Land Area Net   | 0.529 | 23,038      |
| Land Area Gross | 0.529 | 23,038      |

|                         |                        |
|-------------------------|------------------------|
| Site Development Status | Platted                |
| Shape                   | Rectangular            |
| Topography              | Level, At Street Grade |
| Utilities               | All public             |

Maximum FAR N/A  
Min Land to Bldg Ratio N/A  
Maximum Density N/A

Frontage Distance/Street 139 ft N Broadway Street

General Plan Commercial  
Specific Plan N/A  
Zoning C-1 - Community Commercial District  
Entitlement Status N/A



## Sale Summary

Recorded Buyer The Lofts, LLC  
True Buyer Jesse Craig - Craig Companies  
Recorded Seller Various  
True Seller N/A

Marketing Time N/A  
Buyer Type Developer  
Seller Type N/A  
Primary Verification Buyer

Interest Transferred Fee Simple/Freehold  
Current Use Commercial  
Proposed Use Mixed-Use Multi-Family & Retail  
Listing Broker N/A  
Selling Broker N/A  
Doc # N/A

|                    |                |
|--------------------|----------------|
| Type               | Sale           |
| Date               | 8/1/2019       |
| Sale Price         | \$260,000      |
| Financing          | Cash to Seller |
| Cash Equivalent    | \$260,000      |
| Capital Adjustment | \$179,000      |
| Adjusted Price     | \$439,000      |

## Transaction Summary plus Five-Year CBRE View History

| Transaction Date | Transaction Type | Buyer          | Seller  | Price     | Price/ac and /sf    |
|------------------|------------------|----------------|---------|-----------|---------------------|
| 08/2019          | Sale             | The Lofts, LLC | Various | \$260,000 | \$830,025 / \$19.06 |

| Sale | Land - Mixed-Use | No. 3 |
|------|------------------|-------|
|------|------------------|-------|

**Units of Comparison**

|                   |                             |
|-------------------|-----------------------------|
| \$19.06 / sf      | \$11,256 / Unit             |
| \$830,024.58 / ac | N/A / Allowable Bldg. Units |
|                   | N/A / Building Area         |

**Map & Comments**



This is the site for a proposed building known as The Lofts, a mixed-use building that will have 39 multi-family units and 7,885 square feet of ground floor retail as well as a below grade parking garage. The site was purchased in two separate transactions for a total of \$260,000. The buyer was responsible for the demolition of various buildings, parking lots and site improvements (including a former burned down building) totaling approximately \$179,000. Therefore, the total purchase price for the land including demolition is \$439,000 or \$19.06 per square foot.

**Addendum B**

# **IMPROVED SALE DATA SHEETS**



# Sale Residential - Multi-unit Mid / High Rise No. 1

Property Name The Triangle Apartments  
Address 720 South 30th Street  
Omaha, NE 68105  
United States

Government Tax Agency Douglas  
Govt./Tax ID Multiple

## Unit Mix Detail

| Rate Timeframe | Monthly |     |           |         |           |
|----------------|---------|-----|-----------|---------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent    | Rent / sf |
| 1B/1BA         | 47      | 34% | 670       | \$958   | \$1.43    |
| 1B/1BA         | 30      | 22% | 715       | \$994   | \$1.39    |
| 1B/1.5BA       | 5       | 4%  | 878       | \$1,215 | \$1.38    |
| 1B/1.5BA       | 5       | 4%  | 936       | \$1,195 | \$1.28    |
| 2B/2BA         | 28      | 20% | 1,175     | \$1,391 | \$1.18    |
| 2B/2.5BA       | 4       | 3%  | 1,194     | \$1,370 | \$1.15    |
| 3B/3BA         | 18      | 13% | 1,540     | \$1,798 | \$1.17    |
| Totals/Avg     | 137     |     |           | \$1,195 | \$1.28    |



## Improvements

|                         |   |                 |              |
|-------------------------|---|-----------------|--------------|
| Land Area               | 1.359 ac  | Status          | Existing     |
| Net Rentable Area (NRA) | 140,272 sf  | Year Built      | 2017         |
| Total # of Units        | 137 Unit  | Year Renovated  | N/A          |
| Average Unit Size       | 930 sf  | Condition       | Good         |
| Floor Count             | 5   | Exterior Finish | Vinyl Siding |
| Property Features       | Elevators, Flat Roofs, Gated / Controlled Access, Individual Split Systems, On-Site Management, Street Parking, Surface Parking, Under-building Parking   |                 |              |
| Project Amenities       | Courtyard, Fitness Center, Outdoor Fireplace  |                 |              |
| Unit Amenities          | 10-Foot Ceilings, 9-Foot Ceilings, 8-Foot Ceilings, Carpeted Flooring, Ceramic Tile Flooring, Dishwasher, Furnished Units, Hardwood Flooring, Laminate Countertops, Microwave Oven, Range / Oven, Refrigerator with Icemaker, Stainless Steel Appliances, Stand-up Shower, Washer / Dryer, Washer / Dryer Connections |                 |              |

## Sale Summary

|                      |                                 |                      |              |
|----------------------|---------------------------------|----------------------|--------------|
| Recorded Buyer       | MRES Acquisitions, LLC          | Marketing Time       | N/A          |
| True Buyer           | Metonic                         | Buyer Type           | N/A          |
| Recorded Seller      | 3020 LEAVENWORTH PARTNERS LLC   | Seller Type          | N/A          |
| True Seller          | 3020 LEAVENWORTH PARTNERS LLC   | Primary Verification | Appraisal    |
| Interest Transferred | Fee Simple/Freehold             | Type                 | Sale         |
| Current Use          | Residential/Ground Floor Retail | Date                 | 1/25/2021    |
| Proposed Use         | Residential/Ground Floor Retail | Sale Price           | \$25,000,000 |
| Listing Broker       | N/A                             | Financing            | N/A          |
| Selling Broker       | N/A                             | Cash Equivalent      | \$25,000,000 |
| Doc #                | N/A                             | Capital Adjustment   | \$0          |
|                      |                                 | Adjusted Price       | \$25,000,000 |

## Transaction Summary plus Five-Year CBRE View History

| Transaction Date | Transaction Type | Buyer                  | Seller                        | Price        | Cash Equivalent Price/unit and /sf |
|------------------|------------------|------------------------|-------------------------------|--------------|------------------------------------|
| 01/2021          | Sale             | MRES Acquisitions, LLC | 3020 LEAVENWORTH PARTNERS LLC | \$25,000,000 | \$182,482 / \$178.23               |

# Sale Residential - Multi-unit Mid / High Rise No. 1

## Units of Comparison

|                             |                  |                           |           |
|-----------------------------|------------------|---------------------------|-----------|
| Static Analysis Method      | Trailing Actuals | Eff Gross Inc Mult (EGIM) | 11.83     |
| Buyer's Primary Analysis    | N/A              | Op Exp Ratio (OER)        | 42.02%    |
| Net Initial Yield/Cap. Rate | 4.90%            | Adjusted Price / sf       | \$178.23  |
| Projected IRR               | N/A              | Adjusted Price / Unit     | \$182,482 |
| Actual Occupancy at Sale    | 94%              |                           |           |

## Financial

|                             |                  |
|-----------------------------|------------------|
| Revenue Type                | Trailing Actuals |
| Period Ending               | 12/31/2020       |
| Source                      | Seller           |
| Price                       | \$25,000,000     |
| Potential Gross Income      | \$2,338,751      |
| Economic Occupancy          | 90%              |
| Economic Loss               | \$226,047        |
| Effective Gross Income      | \$2,112,704      |
| Expenses                    | \$887,654        |
| Net Operating Income        | \$1,225,049      |
| NOI / sf                    | \$8.73           |
| NOI / Unit                  | \$8,942          |
| EGIM                        | 11.83            |
| OER                         | 42.02%           |
| Net Initial Yield/Cap. Rate | 4.90%            |

## Map & Comments



This comparable represents The Triangle Apartments located along Leavenworth Street in the Midtown Omaha neighborhood. The project was built in 2017 and includes 137 one-, two-, and three-bedroom residential units as well as five retail/office suites on the ground floor. The ground floor commercial space includes . The property is currently under contract for \$25 million.

## Sale Residential - Multi-unit Garden No. 2

Property Name West Briar Commons  
Address 2805 South Hidden Place  
Sioux Falls, SD 57106  
United States

Government Tax Agency Minnehaha  
Govt./Tax ID Multiple

### Unit Mix Detail

| Rate Timeframe           | Monthly |     |           |         |           |
|--------------------------|---------|-----|-----------|---------|-----------|
| Unit Type                | No.     | %   | Size (sf) | Rent    | Rent / sf |
| 1BR/1BA Lower            | 24      | 16% | 702       | \$880   | \$1.25    |
| 1BR/1BA TH               | 16      | 11% | 974       | \$925   | \$0.95    |
| 2BR//1BA Upper           | 24      | 16% | 1,031     | \$970   | \$0.94    |
| 2BR/1BA Double<br>Garage | 8       | 5%  | 1,031     | \$1,085 | \$1.05    |
| 2BR/1.5BA TH             | 36      | 24% | 1,047     | \$1,060 | \$1.01    |
| 3BR/2.5BA TH             | 28      | 18% | 1,271     | \$1,320 | \$1.04    |
| 2BR/1.5BA TH             | 8       | 5%  | 1,308     | \$1,120 | \$0.86    |
| 3BR/2BA                  | 8       | 5%  | 1,328     | \$1,305 | \$0.98    |
| Totals/Avg               | 152     |     |           | \$1,068 | \$1.02    |



### Improvements

|                         |   |                 |                    |
|-------------------------|---|-----------------|--------------------|
| Land Area               | 10.312 ac   | Status          | Existing           |
| Net Rentable Area (NRA) | 159,792 sf  | Year Built      | 2008               |
| Total # of Units        | 152 Unit  | Year Renovated  | 2010               |
| Average Unit Size       | 1,051 sf  | Condition       | Average            |
| Floor Count             | 2   | Exterior Finish | Fiber Cement Board |
| Property Features       | Attached Garages, Individual Split Systems, Interior Stairwells, On-Site Management, Pitched Roofs, Surface Parking   |                 |                    |
| Project Amenities       | Barbeque Area, Clubhouse, Dog Park / Run, Fitness Center, Playground, Pool  |                 |                    |
| Unit Amenities          | Carpeted Flooring, Dishwasher, Laminate Countertops, Microwave Oven, Private Patios / Balconies, Range / Oven, Refrigerator with Icemaker, Tub / Shower Combo, Vinyl Flooring, Washer / Dryer |                 |                    |

### Sale Summary

|                      |                               |                      |                    |
|----------------------|-------------------------------|----------------------|--------------------|
| Recorded Buyer       | MRES West Briar Holdings Inc. | Marketing Time       | N/A                |
| True Buyer           | MRES Acquisitions, LLC        | Buyer Type           | Private Investor   |
| Recorded Seller      | West Briar Common I, LLC      | Seller Type          | Developer          |
| True Seller          | Lloyd Company                 | Primary Verification | Purchase Agreement |
| Interest Transferred | Fee Simple/Freehold           | Type                 | Sale               |
| Current Use          | Multi-family                  | Date                 | 12/10/2020         |
| Proposed Use         | N/A                           | Sale Price           | \$19,700,000       |
| Listing Broker       | Ernst Commercial              | Financing            | All Cash           |
| Selling Broker       | N/A                           | Cash Equivalent      | \$19,700,000       |
| Doc #                | 601-353                       | Capital Adjustment   | \$0                |
|                      |                               | Adjusted Price       | \$19,700,000       |

### Transaction Summary plus Five-Year CBRE View History

| Transaction Date | Transaction Type | Buyer                         | Seller                   | Price        | Cash Equivalent<br>Price/unit and /sf |
|------------------|------------------|-------------------------------|--------------------------|--------------|---------------------------------------|
| 12/2020          | Sale             | MRES West Briar Holdings Inc. | West Briar Common I, LLC | \$19,700,000 | \$129,605 / \$123.29                  |

## Sale Residential - Multi-unit Garden No. 2

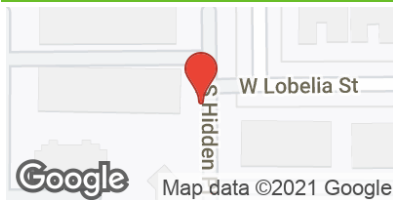
### Units of Comparison

|                             |                                |                           |           |
|-----------------------------|--------------------------------|---------------------------|-----------|
| Static Analysis Method      | Trailing Actuals               | Eff Gross Inc Mult (EGIM) | 11.46     |
| Buyer's Primary Analysis    | Static Capitalization Analysis | Op Exp Ratio (OER)        | 38.76%    |
| Net Initial Yield/Cap. Rate | 5.35%                          | Adjusted Price / sf       | \$123.29  |
| Projected IRR               | N/A                            | Adjusted Price / Unit     | \$129,605 |
| Actual Occupancy at Sale    | 96%                            |                           |           |

### Financial

| Revenue Type                | Pro Forma Stabilized | Trailing Actuals |
|-----------------------------|----------------------|------------------|
| Period Ending               | 10/20/2020           | 8/31/2020        |
| Source                      | Appraiser            | Seller           |
| Price                       | \$19,700,000         | \$19,700,000     |
| Potential Gross Income      | N/A                  | N/A              |
| Economic Occupancy          | N/A                  | N/A              |
| Economic Loss               | N/A                  | N/A              |
| Effective Gross Income      | \$1,823,055          | \$1,719,740      |
| Expenses                    | \$739,215            | \$666,551        |
| Net Operating Income        | \$1,083,840          | \$1,053,189      |
| NOI / sf                    | \$6.78               | \$6.59           |
| NOI / Unit                  | \$7,131              | \$6,929          |
| EGIM                        | 10.81                | 11.46            |
| OER                         | 40.55%               | 38.76%           |
| Net Initial Yield/Cap. Rate | 5.50%                | 5.35%            |

### Map & Comments



This comparable represents a 152 unit multi-family walk-up style apartment community located near the northeast corner of S Ellis Road and W 41st Street in southwest Sioux Falls, SD. The property features a mix of townhome-style and traditional apartments in 13 buildings along with a centrally located clubhouse. It offers 1, 2, and 3 bedroom units which include either a single or double car attached garage in rent. The landlord pays water, sewer, and trash costs while the tenant is responsible for electric direct. The property was 96.1% occupied on 10/20/2020 with no concessions offered. There is a clubhouse with fitness center, meeting room (kitchen, shuffle board, couches, TV), and managers office. The property amenities also include an outdoor pool, grill area, dog park, and playground. The OAR of 5.35% is based on T12 operating income and expenses through August 2020. This includes a 4.8% management fee and no reserve. It also does not reflect recent increases of \$20 per month in rental rates starting in May 2020. The OAR of 5.50% is based on appraiser pro forma using current quoted rents and includes a 4.8% management fee and \$250 per unit reserve.

**Sale Residential - Multi-unit Garden No. 3**

Property Name Carbon 550  
Address 550 Watson Powell Jr. Way  
Des Moines, IA 50309  
United States

Government Tax Agency Polk  
Govt./Tax ID 030/00067-100-001

**Unit Mix Detail**

| Rate Timeframe | Monthly |     |           |         |           |
|----------------|---------|-----|-----------|---------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent    | Rent / sf |
| 1BR/1BA (A1)   | 1       | 2%  | 550       | \$995   | \$1.81    |
| 1BR/1BA (A2)   | 1       | 2%  | 560       | \$1,015 | \$1.81    |
| 1BR/1BA (A3)   | 3       | 6%  | 639       | \$1,112 | \$1.74    |
| 1BR/1BA (A4)   | 3       | 6%  | 640       | \$1,112 | \$1.74    |
| 1BR/1BA (A5)   | 2       | 4%  | 650       | \$1,150 | \$1.77    |
| 1BR/1BA (A6)   | 1       | 2%  | 690       | \$1,075 | \$1.56    |
| 1BR/1BA (A7)   | 1       | 2%  | 694       | \$1,195 | \$1.72    |
| 1BR/1BA (A8)   | 1       | 2%  | 727       | \$1,275 | \$1.75    |
| 1BR/1BA (A10)  | 1       | 2%  | 739       | \$1,345 | \$1.82    |
| 1BR/1BA (A9)   | 2       | 4%  | 739       | \$1,245 | \$1.68    |
| 1BR/1BA (A11)  | 1       | 2%  | 775       | \$1,275 | \$1.65    |
| 1BR/1BA (A12)  | 5       | 10% | 848       | \$1,345 | \$1.59    |
| 1BR/1BA (A13)  | 1       | 2%  | 929       | \$1,375 | \$1.48    |
| 2BR/2BA (C1)   | 2       | 4%  | 935       | \$1,525 | \$1.63    |
| 2BR/2BA (C2)   | 1       | 2%  | 1,010     | \$1,675 | \$1.66    |
| 2BR/2BA (C3)   | 3       | 6%  | 1,013     | \$1,595 | \$1.57    |
| 2BR/2BA (C4)   | 6       | 12% | 1,013     | \$1,603 | \$1.58    |
| 2BR/2BA (C5)   | 2       | 4%  | 1,087     | \$1,670 | \$1.54    |
| 2BR/2BA (C6)   | 5       | 10% | 1,087     | \$1,665 | \$1.53    |
| 2BR/2BA (C7)   | 2       | 4%  | 1,087     | \$1,645 | \$1.51    |
| 2BR/2BA (C8)   | 1       | 2%  | 1,123     | \$1,695 | \$1.51    |
| 2BR/2BA (C10)  | 2       | 4%  | 1,124     | \$1,775 | \$1.58    |
| 2BR/2BA (C9)   | 3       | 6%  | 1,124     | \$1,695 | \$1.51    |
| Totals/Avg     | 50      |     |           | \$1,443 | \$1.60    |



### Improvements

|                         |  |                 |          |
|-------------------------|--|-----------------|----------|
| Land Area               | 0.464 ac   | Status          | Existing |
| Net Rentable Area (NRA) | 45,042 sf  | Year Built      | 2018     |
| Total # of Units        | 50 Unit  | Year Renovated  | N/A      |
| Average Unit Size       | 901 sf   | Condition       | Good     |
| Floor Count             | 4  | Exterior Finish | Metal    |
| Property Features       | Elevators, Fire Sprinklered, Gated / Controlled Access, Interior Corridors, Interior Stairwells, On-Site Management, Under-building Parking  |                 |          |
| Project Amenities       | Clubhouse, Game Room   |                 |          |
| Unit Amenities          | 9-Foot Ceilings, Dishwasher, Garbage Disposal, Gourmet Kitchen, Granite Countertops, Plank Flooring, Private Patios / Balconies, Range / Oven, Refrigerator, Stainless Steel Appliances, Tile Backsplash, Washer / Dryer |                 |          |

### Sale Summary

|                      |                     |                      |                       |
|----------------------|---------------------|----------------------|-----------------------|
| Recorded Buyer       | WC Carbon 550 LLC   | Marketing Time       | N/A                   |
| True Buyer           | WC Carbon 550 LLC   | Buyer Type           | Developer             |
| Recorded Seller      | HRC 6th Street, LLC | Seller Type          | Developer             |
| True Seller          | HRC 6th Street, LLC | Primary Verification | Purchase Contract     |
| Interest Transferred | Fee Simple/Freehold | Type                 | Sale                  |
| Current Use          | Multi-Family        | Date                 | 1/31/2020             |
| Proposed Use         | Multi-Family        | Sale Price           | \$10,100,000          |
| Listing Broker       | N/A                 | Financing            | Market Rate Financing |
| Selling Broker       | N/A                 | Cash Equivalent      | \$10,100,000          |
| Doc #                | N/A                 | Capital Adjustment   | \$-1,620,000          |
|                      |                     | Adjusted Price       | \$8,480,000           |

### Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u>      | <u>Seller</u>       | <u>Price</u> | <u>Cash Equivalent Price/unit and /sf</u> |
|-------------------------|-------------------------|-------------------|---------------------|--------------|---|
| 01/2020                 | Sale                    | WC Carbon 550 LLC | HRC 6th Street, LLC | \$10,100,000 | \$202,000 / \$224.24                      |

# Sale Residential - Multi-unit Garden No. 3

## Units of Comparison

|                             |                                |                           |           |
|-----------------------------|--------------------------------|---------------------------|-----------|
| Static Analysis Method      | Pro Forma (Stabilized)         | Eff Gross Inc Mult (EGIM) | 9.44      |
| Buyer's Primary Analysis    | Static Capitalization Analysis | Op Exp Ratio (OER)        | 47.09%    |
| Net Initial Yield/Cap. Rate | 5.60%                          | Adjusted Price / sf       | \$188.27  |
| Projected IRR               | N/A                            | Adjusted Price / Unit     | \$169,600 |
| Actual Occupancy at Sale    | 96%                            |                           |           |

## Financial

|                             |                         |
|-----------------------------|-------------------------|
| Revenue Type                | Pro Forma<br>Stabilized |
| Period Ending               | 1/1/2020                |
| Source                      | Appraiser               |
| Price                       | \$8,480,000             |
| Potential Gross Income      | N/A                     |
| Economic Occupancy          | N/A                     |
| Economic Loss               | N/A                     |
| Effective Gross Income      | \$897,962               |
| Expenses                    | \$422,856               |
| Net Operating Income        | \$475,106               |
| NOI / sf                    | \$10.55                 |
| NOI / Unit                  | \$9,502                 |
| EGIM                        | 9.44                    |
| OER                         | 47.09%                  |
| Net Initial Yield/Cap. Rate | 5.60%                   |

## Map & Comments



This comparable is a 50-unit multi-family mid rise property located at 550 Watson Powell Jr. Way in Des Moines, Iowa. The property consists of a single, four-story apartment building. The improvements were constructed in 2018 and are situated on a .46-acre site.

The property is currently under contract to be purchased for approximately \$10,100,000 or \$202,000. Excluding the discounted value of the 10 year abatement of \$1,620,000, the adjusted price is \$8,480,000. At the time of the sale, occupancy was 96%. Net operating income was shown as \$475,106 assuming full taxation, indicating a cap rate of 5.60%.



**Sale Residential - Multi-unit Mid / High Rise No. 4**

Property Name Midtown Crossing Building 2 & 7 Apartments  
Address 3157 Farnam Street  
Omaha, NE 68131  
United States

Government Tax Agency N/A  
Govt./Tax ID N/A

**Unit Mix Detail**

| Rate Timeframe | Monthly |     |           |         |           |
|----------------|---------|-----|-----------|---------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent    | Rent / sf |
| 1B/1BA         | 4       | 2%  | 590       | \$1,120 | \$1.90    |
| 1B/1BA         | 1       | 1%  | 602       | \$1,186 | \$1.97    |
| 1B/1BA         | 1       | 1%  | 603       | \$1,117 | \$1.85    |
| 1B/1BA         | 5       | 3%  | 608       | \$1,089 | \$1.79    |
| 1B/1BA         | 1       | 1%  | 647       | \$1,243 | \$1.92    |
| 1B/1BA         | 1       | 1%  | 648       | \$1,140 | \$1.76    |
| 1B/1BA         | 5       | 3%  | 650       | \$1,213 | \$1.87    |
| 1B/1BA         | 5       | 3%  | 653       | \$1,156 | \$1.77    |
| 1B/1BA         | 2       | 1%  | 662       | \$1,262 | \$1.91    |
| 1B/1BA         | 9       | 5%  | 664       | \$1,233 | \$1.86    |
| 1B/1BA         | 1       | 1%  | 665       | \$1,196 | \$1.80    |
| 1B/1BA         | 1       | 1%  | 670       | \$1,338 | \$2.00    |
| 1B/1BA         | 5       | 3%  | 674       | \$1,307 | \$1.94    |
| 1B/1BA         | 3       | 2%  | 675       | \$1,177 | \$1.74    |
| 1B/1BA         | 3       | 2%  | 677       | \$1,277 | \$1.89    |
| 1B/1BA         | 6       | 3%  | 678       | \$1,238 | \$1.83    |
| 1B/1BA         | 2       | 1%  | 708       | \$1,321 | \$1.87    |
| 1B/1BA         | 26      | 13% | 710       | \$1,277 | \$1.80    |
| 1B/1BA         | 8       | 4%  | 711       | \$1,238 | \$1.74    |
| 1B/1BA         | 4       | 2%  | 731       | \$1,275 | \$1.74    |
| 1B/1BA         | 16      | 8%  | 732       | \$1,275 | \$1.74    |
| 1B/1BA         | 8       | 4%  | 733       | \$1,275 | \$1.74    |
| 1B/1BA         | 4       | 2%  | 734       | \$1,275 | \$1.74    |
| 1B/1BA         | 4       | 2%  | 890       | \$1,540 | \$1.73    |
| 2B/2BA         | 4       | 2%  | 938       | \$1,595 | \$1.70    |
| 2B/2BA         | 4       | 2%  | 967       | \$1,600 | \$1.65    |
| 2B/2BA         | 1       | 1%  | 1,012     | \$1,699 | \$1.68    |
| 2B/2BA         | 2       | 1%  | 1,013     | \$1,658 | \$1.64    |
| 2B/2BA         | 1       | 1%  | 1,016     | \$1,634 | \$1.61    |
| 2B/2BA         | 4       | 2%  | 1,021     | \$1,600 | \$1.57    |
| 2B/2BA         | 4       | 2%  | 1,049     | \$1,693 | \$1.61    |
| 2B/2BA         | 3       | 2%  | 1,055     | \$1,750 | \$1.66    |
| 2B/2BA         | 4       | 2%  | 1,056     | \$1,745 | \$1.65    |
| 2B/2BA         | 1       | 1%  | 1,057     | \$1,688 | \$1.60    |
| 2B/2BA         | 4       | 2%  | 1,095     | \$1,725 | \$1.58    |
| 2B/2BA         | 4       | 2%  | 1,108     | \$1,734 | \$1.56    |
| 2B/2BA         | 1       | 1%  | 1,162     | \$1,608 | \$1.38    |
| 2B/2BA         | 5       | 3%  | 1,163     | \$1,739 | \$1.50    |
| 2B/2BA         | 4       | 2%  | 1,181     | \$1,775 | \$1.50    |
| 2B/2BA         | 1       | 1%  | 1,244     | \$1,795 | \$1.44    |
| 2B/2BA         | 1       | 1%  | 1,245     | \$1,912 | \$1.54    |
| 2B/2BA         | 9       | 5%  | 1,247     | \$1,817 | \$1.46    |
| 2B/2BA         | 1       | 1%  | 1,275     | \$2,262 | \$1.77    |
| 2B/2BA         | 4       | 2%  | 1,302     | \$1,950 | \$1.50    |
| 2B/2BA         | 4       | 2%  | 1,360     | \$2,000 | \$1.47    |
| 2B/2BA         | 1       | 1%  | 1,370     | \$2,284 | \$1.67    |
| 2B/2BA         | 4       | 2%  | 1,932     | \$2,285 | \$1.18    |
| Totals/Avg     | 196     |     |           | \$1,449 | \$1.66    |



### Improvements

|                           |   |                 |          |
|---------------------------|---|-----------------|----------|
| Land Area                 | 1.542 ac  | Status          | Existing |
| Gross Building Area (GBA) | 217,342 sf  | Year Built      | 2010     |
| Total # of Units          | 196 Unit  | Year Renovated  | N/A      |
| Average Unit Size         | 871 sf  | Condition       | Good     |
| Floor Count               | 8   | Exterior Finish | Glass    |
| Property Features         | Central Boiler and Chiller / Cooling Tower, Elevators, Fire Sprinklered, Flat Roofs, Ground-level Retail, Interior Corridors, Interior Stairwells, Structured Parking   |                 |          |
| Project Amenities         | Fitness Center  |                 |          |
| Unit Amenities            | 10-Foot Ceilings, 9-Foot Ceilings, Carpeted Flooring, Ceiling Fans, Ceramic Tile Flooring, Dishwasher, Garbage Disposal, Granite Countertops, Hardwood Flooring, Microwave Oven, Range / Oven, Refrigerator with Icemaker, Vinyl Flooring, Washer / Dryer |                 |          |

### Sale Summary

|                      |  |                      |                       |
|----------------------|--|----------------------|-----------------------|
| Recorded Buyer       | N/A                                    | Marketing Time       | N/A                   |
| True Buyer           | Commercial Investment Properties (CIP) | Buyer Type           | N/A                   |
| Recorded Seller      | East Campus Properties                 | Seller Type          | N/A                   |
| True Seller          | Mutual of Omaha                        | Primary Verification | Appraisal             |
| Interest Transferred | Fee Simple/Freehold                    | Type                 | Sale                  |
| Current Use          | Apartments                             | Date                 | 8/12/2019             |
| Proposed Use         | Apartments                             | Sale Price           | \$31,200,000          |
| Listing Broker       | N/A                                    | Financing            | Market Rate Financing |
| Selling Broker       | N/A                                    | Cash Equivalent      | \$31,200,000          |
| Doc #                | N/A                                    | Capital Adjustment   | \$0                   |
|                      |  | Adjusted Price       | \$31,200,000          |

### Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u> | <u>Seller</u>          | <u>Price</u> | <u>Cash Equivalent<br/>Price/unit and /sf</u> |
|-------------------------|-------------------------|--------------|------------------------|--------------|---|
| 08/2019                 | Sale                    | N/A          | East Campus Properties | \$31,200,000 | \$159,184 / \$143.55                          |

# Sale Residential - Multi-unit Mid / High Rise No. 4

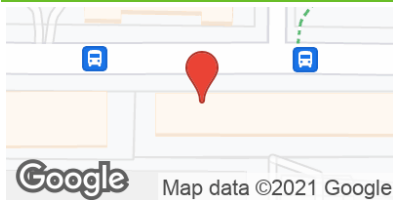
## Units of Comparison

|                             |                  |                           |           |
|-----------------------------|------------------|---------------------------|-----------|
| Static Analysis Method      | Trailing Actuals | Eff Gross Inc Mult (EGIM) | 10.09     |
| Buyer's Primary Analysis    | N/A              | Op Exp Ratio (OER)        | 53.83%    |
| Net Initial Yield/Cap. Rate | 4.58%            | Adjusted Price / sf       | \$143.55  |
| Projected IRR               | N/A              | Adjusted Price / Unit     | \$159,184 |
| Actual Occupancy at Sale    | 89%              |                           |           |

## Financial

| Revenue Type                | Pro Forma Stabilized | Trailing Actuals | Other See Comments |
|-----------------------------|----------------------|------------------|--------------------|
| Period Ending               | 1/1/2021             | 7/31/2019        | N/A                |
| Source                      | Appraiser            | Seller           | Buyer              |
| Price                       | \$31,200,000         | \$31,200,000     | \$31,200,000       |
| Potential Gross Income      | \$3,746,203          | \$3,319,045      | \$3,604,525        |
| Economic Occupancy          | 92%                  | 93%              | 93%                |
| Economic Loss               | \$311,560            | \$226,133        | \$237,542          |
| Effective Gross Income      | \$3,434,643          | \$3,092,912      | \$3,366,983        |
| Expenses                    | \$1,401,541          | \$1,665,051      | \$1,611,812        |
| Net Operating Income        | \$2,033,102          | \$1,427,861      | \$1,755,171        |
| NOI / sf                    | \$9.35               | \$6.57           | \$8.08             |
| NOI / Unit                  | \$10,373             | \$7,285          | \$8,955            |
| EGIM                        | 9.08                 | 10.09            | 9.27               |
| OER                         | 40.81%               | 53.83%           | 47.87%             |
| Net Initial Yield/Cap. Rate | 6.52%                | 4.58%            | 5.63%              |

## Map & Comments



This comparable represents Midtown Crossing Buildings 2 and 7. The buildings were originally constructed as part of the Midtown Crossing redevelopment with the intention of being for sale condominiums. Condominium sales were not what the developer's expected and the entirety of the units were converted to apartments. The property is being sold off by the original developer, Mutual of Omaha, to Commercial Investment Properties (CIP) of Lincoln, Nebraska who owns Class A, B, and C assets within the Omaha metro. This acquisition fits within CIP's Midtown Omaha portfolio. The buyer intends to spend an additional \$2,043,718 renovating the property and re-positioning the asset to a true Class A property within the area. The pro forma stabilized figures are based upon current market rents inflated 2.0% per year to the date of completion of the renovation project (2021), a 1.00% loss to lease factor, a 0.50% concession factor, a 6.00% vacancy factor, a 1.00% credit loss factor, a 3.00% management fee, and inflated replacement reserves of \$258 per unit.

# Sale Residential - Multi-unit Mid / High Rise No. 5

Property Name The Helen  
Address 617 South 31st Street  
Omaha, NE 68105  
United States

Government Tax Agency Douglas  
Govt./Tax ID 2103560003

## Unit Mix Detail

| Rate Timeframe | Monthly |     |           |                 |           |
|----------------|---------|-----|-----------|-----------------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent            | Rent / sf |
| 1B/1BA         | 1       | 3%  | 825       | \$995           | \$1.21    |
| 1B/1BA         | 5       | 14% | 840       | \$995           | \$1.18    |
| 1B/1BA         | 5       | 14% | 850       | \$995           | \$1.17    |
| 1B/1BA         | 15      | 42% | 880       | \$995           | \$1.13    |
| 2B/2BA         | 8       | 22% | 1,050     | \$1,095-\$1,345 | \$1.16    |
| 2B/1BA         | 2       | 6%  | 1,090     | \$1,215         | \$1.11    |
| Totals/Avg     | 36      |     |           | \$1,057         | \$1.15    |



## Improvements

|                   |  |                 |              |
|-------------------|--|-----------------|--------------|
| Land Area         | 0.654 ac   | Status          | Existing     |
| Building Area     | N/A  | Year Built      | 2016         |
| Total # of Units  | 36 Unit  | Year Renovated  | N/A          |
| Average Unit Size | 918 sf   | Condition       | Good         |
| Floor Count       | 4  | Exterior Finish | Brick Veneer |
| Property Features | Elevators, Fire Sprinklered, Flat Roofs, Gated / Controlled Access, Individual Split Systems, Interior Corridors, Interior Stairwells, Street Parking, Surface Parking   |                 |              |
| Project Amenities | N/A  |                 |              |
| Unit Amenities    | 9-Foot Ceilings, Carpeted Flooring, Ceramic Tile Flooring, Dishwasher, Garbage Disposal, Gourmet Kitchen, Granite Countertops, Hardwood Flooring, In-Unit Storage, Microwave Oven, Range / Oven, Refrigerator with Icemaker, Stainless Steel Appliances, Stand-up Shower, Tub / Shower Combo, Washer / Dryer |                 |              |

## Sale Summary

|                      |                                  |                      |                       |
|----------------------|----------------------------------|----------------------|-----------------------|
| Recorded Buyer       | Commercial Investment Properties | Marketing Time       | N/A                   |
| True Buyer           | Invest Omaha IV, LLC             | Buyer Type           | Private Investor      |
| Recorded Seller      | David Kain Properties, LLC       | Seller Type          | Private Investor      |
| True Seller          | N/A                              | Primary Verification | John Heine, CoStar    |
| Interest Transferred | Fee Simple/Freehold              | Type                 | Sale                  |
| Current Use          | N/A                              | Date                 | 2/14/2019             |
| Proposed Use         | N/A                              | Sale Price           | \$4,500,000           |
| Listing Broker       | John Heine                       | Financing            | Market Rate Financing |
| Selling Broker       | John Heine                       | Cash Equivalent      | \$4,500,000           |
| Doc #                | 2019010236                       | Capital Adjustment   | \$0                   |
|                      |                                  | Adjusted Price       | \$4,500,000           |

## Transaction Summary plus Five-Year CBRE View History

| Transaction Date | Transaction Type | Buyer                            | Seller                     | Price       | Cash Equivalent Price/unit and /sf |
|------------------|------------------|----------------------------------|----------------------------|-------------|------------------------------------|
| 02/2019          | Sale             | Commercial Investment Properties | David Kain Properties, LLC | \$4,500,000 | \$125,000 / \$136.14               |

# Sale Residential - Multi-unit Mid / High Rise No. 5

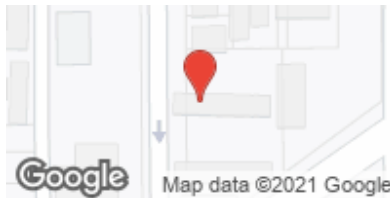
## Units of Comparison

|                             |                                |                           |           |
|-----------------------------|--------------------------------|---------------------------|-----------|
| Static Analysis Method      | Pro Forma (Stabilized)         | Eff Gross Inc Mult (EGIM) | 9.52      |
| Buyer's Primary Analysis    | Static Capitalization Analysis | Op Exp Ratio (OER)        | 39.77%    |
| Net Initial Yield/Cap. Rate | 6.33%                          | Adjusted Price / sf       | \$136.14  |
| Projected IRR               | N/A                            | Adjusted Price / Unit     | \$125,000 |
| Actual Occupancy at Sale    | 87%                            |                           |           |

## Financial

|                             | Pro Forma<br>Stabilized | Trailing<br>Actuals |
|-----------------------------|-------------------------|---------------------|
| Revenue Type                |                         |                     |
| Period Ending               | N/A                     | N/A                 |
| Source                      | Broker                  | Broker              |
| Price                       | \$4,500,000             | \$4,500,000         |
| Potential Gross Income      | N/A                     | N/A                 |
| Economic Occupancy          | N/A                     | N/A                 |
| Economic Loss               | N/A                     | N/A                 |
| Effective Gross Income      | \$472,638               | \$416,547           |
| Expenses                    | \$187,947               | \$166,240           |
| Net Operating Income        | \$284,691               | \$250,307           |
| NOI / sf                    | \$8.61                  | \$7.57              |
| NOI / Unit                  | \$7,908                 | \$6,953             |
| EGIM                        | 9.52                    | 10.80               |
| OER                         | 39.77%                  | 39.91%              |
| Net Initial Yield/Cap. Rate | 6.33%                   | 5.56%               |

## Map & Comments



This comparable represents the Ekard Court Apartments located in the Midtown District of Omaha. The price equates to \$125,000 per unit. The average occupancy from January 2018 thru July 2018 was 87%. Occupancy ranged from 80.6% to 94.4% during that time.

Addendum C

# RENT COMPARABLE DATA SHEETS

## Comparable Residential - Multi-unit Garden No. 1

Property Name The Oaks Apartments  
Address 218 19th Street SE  
Watertown, SD 57201  
United States

Government Tax Agency Codington  
Govt./Tax ID 721

### Unit Mix Detail

| Rate Timeframe | Monthly |     |           |                 |           |
|----------------|---------|-----|-----------|-----------------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent            | Rent / sf |
| Studio         | 34      | 47% | 500       | \$676-\$726     | \$1.40    |
| 1BR/1BA        | 24      | 33% | 620       | \$800-\$825     | \$1.31    |
| 2BR/2BA        | 14      | 19% | 912       | \$1,075-\$1,100 | \$1.19    |
| Totals/Avg     | 72      |     |           | \$813           | \$1.31    |



### Improvements

|                   |  |                 |          |
|-------------------|--|-----------------|----------|
| Land Area         | 5.150 ac   | Status          | Existing |
| Building Area     | N/A  | Year Built      | 2020     |
| Total # of Units  | 72 Unit  | Year Renovated  | N/A      |
| Average Unit Size | 1,000 sf   | Condition       | Good     |
| Floor Count       | 3  | Exterior Finish | N/A      |
| Property Features | Detached Garages, Gated / Controlled Access, On-Site Management  |                 |          |
| Project Amenities | Fitness Center   |                 |          |
| Unit Amenities    | Carpeted Flooring, Dishwasher, Furnished Units, Granite Countertops, Hardwood Flooring, Microwave Oven, Private Patios / Balconies, Range / Oven, Refrigerator, Washer / Dryer |                 |          |

### Rental Survey

|                |               |                            |                              |
|----------------|---------------|----------------------------|------------------------------|
| Occupancy      | 97%           | Utilities Included in Rent | Water, Sewer, Trash          |
| Lease Term     | 6 - 12 Mo(s). | Rent Premiums              | Garage \$75-\$100; pets \$50 |
| Tenant Profile | Mixed         | Concessions                | 2 Months free WIFI           |
| Survey Date    | 04/2021       | Owner                      | N/A                          |
| Survey Notes   | 844-669-0794  | Management                 | N/A                          |

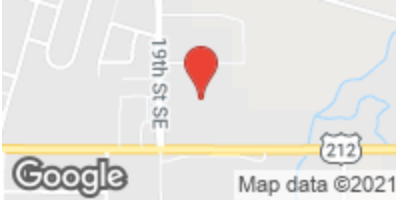


## Comparable

## Residential - Multi-unit Garden

No. 1

### Map & Comments



This comparable is a 72-unit garden-style apartment project located at 218 19th Street SE in Watertown, SD. The project was built in 2019, is 3-stories and the exterior walls are finished with horizontal lap siding. Project amenities include detached garages, fitness center, multi-use room, community-wide WiFi, on-site management, controlled access, and some furnished units are available. Unit amenities include in-unit laundry, hardwood floors, granite countertops, stainless steel appliances, and private patios/balconies. Tenants are responsible for the electric expenses and cable TV. The landlord pays for heating (gas). Garage parking is \$75-\$100/month and pets are allowed (2 pet limit) with a \$300 fee and \$25/month pet rent. CoStar is reporting current occupancy at 97.2%.

## Comparable Residential - Multi-unit Mid / High Rise No. 2

Property Name The Lofts  
Address 10 North Broadway Street  
Watertown, SD 57201  
United States

Government Tax Agency Codington  
Govt./Tax ID 9391

### Unit Mix Detail

| Rate Timeframe | Monthly |     |           |             |           |
|----------------|---------|-----|-----------|-------------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent        | Rent / sf |
| 1BR/1BA        | 36      | 92% | 568-689   | \$875-\$915 | \$1.42    |
| 2BR/1BA        | 3       | 8%  | 964       | \$1,275     | \$1.32    |
| Totals/Avg     | 39      |     |           | \$924       | \$1.41    |



### Improvements

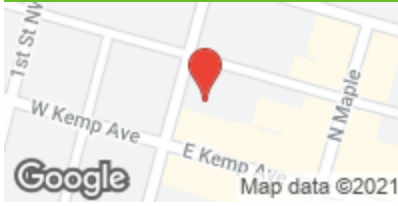
|                         |   |                 |          |
|-------------------------|---|-----------------|----------|
| Land Area               | 0.160 ac  | Status          | Existing |
| Net Rentable Area (NRA) | 26,793 sf   | Year Built      | 2020     |
| Total # of Units        | 39 Unit   | Year Renovated  | N/A      |
| Average Unit Size       | 687 sf  | Condition       | Average  |
| Floor Count             | 4   | Exterior Finish | Masonry  |
| Property Features       | Elevators, Flat Roofs, Ground-level Retail, Interior Corridors, Interior Stairwells, Thru-The-Wall Systems, Under-building Parking  |                 |          |
| Project Amenities       | N/A   |                 |          |
| Unit Amenities          | Black Appliances, Carpeted Flooring, Ceiling Fans, Dishwasher, Garbage Disposal, Microwave Oven, Plank Flooring, Range / Oven, Refrigerator with Icemaker, Washer / Dryer |                 |          |

### Rental Survey

|                |                   |                            |  |
|----------------|-------------------|----------------------------|--|
| Occupancy      | 90%               | Utilities Included in Rent | Water, Sewer and Trash                       |
| Lease Term     | 12 Mo(s).         | Rent Premiums              | None   |
| Tenant Profile | All Ages          | Concessions                | Save \$50 on \$915 units with 12 month lease |
| Survey Date    | 04/2021           | Owner                      | N/A  |
| Survey Notes   | Verified by owner | Management                 | N/A  |

| Comparable | Residential - Multi-unit Mid / High Rise | No. 2 |
|------------|--|-------|
|------------|--|-------|

Map & Comments



The comparable is a proposed mixed-use 39-unit multi-family property with 7,885 square feet of ground-floor retail located at 10 North Broadway Street in Watertown, South Dakota. The property will consist of a single, four-story apartment building with below-grade heated parking (46 stalls). The improvements are scheduled to be completed in 2020 and are situated on a 0.53-acre site. Unique property characteristics include the properties located in downtown Watertown, new construction, and ground-floor retail. The in-unit amenities will include a full appliance package, in-unit washer/dryer, ceiling fans, and through-the-wall air conditioning. Water, sewer, and trash are included in the base rent. The tenant pays for heating. One pet is allowed per tenant with a one-time \$300 fee and The landlord will be responsible for water, sewer, and trash expenses with residents paying all other expenses. Property was 100% occupied recently, but just came up on first lease rollovers; current vacancy rate is 10.3%. Property opened in August 2020 and stabilized within eight months.

## Comparable Residential - Multi-unit Mid / High Rise No. 3

Property Name One Willow Creek  
Address 2000 Kemp Place East  
Watertown, SD 57201  
United States

Government Tax Agency Codington  
Govt./Tax ID 20169

### Unit Mix Detail

| Rate Timeframe | Monthly |     |             |                 |           |
|----------------|---------|-----|-------------|-----------------|-----------|
| Unit Type      | No.     | %   | Size (sf)   | Rent            | Rent / sf |
| 1BR/1BA        | 14      | 39% | 681-732     | \$790-\$845     | \$1.16    |
| 2BR/2BA        | 22      | 61% | 1,114-1,697 | \$1,185-\$1,695 | \$1.02    |
| Totals/Avg     | 36      |     |             | \$1,198         | \$1.06    |



### Improvements

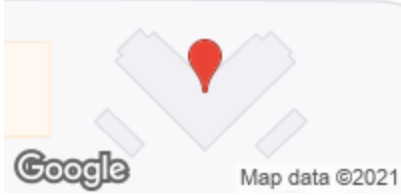
|                           |  |                 |              |
|---------------------------|--|-----------------|--------------|
| Land Area                 | 1.559 ac   | Status          | Existing     |
| Gross Building Area (GBA) | 36,444 sf  | Year Built      | 2016         |
| Total # of Units          | 36 Units   | Year Renovated  | N/A          |
| Average Unit Size         | 1,012 sf   | Condition       | Good         |
| Floor Count               | 3  | Exterior Finish | Vinyl Siding |
| Property Features         | Elevators, Gated / Controlled Access, Individual Split Systems, On-Site Management   |                 |              |
| Project Amenities         | Fitness Center   |                 |              |
| Unit Amenities            | Ceiling Fans, Dishwasher, Granite Countertops, Microwave Oven, Range / Oven, Refrigerator, Stainless Steel Appliances, Tile Backsplash, Tub / Shower Combo, Vinyl Flooring, Washer / Dryer |                 |              |

### Rental Survey

|                |           |                            |                              |
|----------------|-----------|----------------------------|------------------------------|
| Occupancy      | 100%      | Utilities Included in Rent | Water, Sewer, Trash and WiFi |
| Lease Term     | 12 Mo(s). | Rent Premiums              | None                         |
| Tenant Profile | All Ages  | Concessions                | 1%                           |
| Survey Date    | 03/2021   | Owner                      | N/A                          |
| Survey Notes   | N/A       | Management                 | N/A                          |

| Comparable | Residential - Multi-unit Mid / High Rise | No. 3 |
|------------|--|-------|
|------------|--|-------|

Map & Comments



This comparable represents One Willow Creek, a 36-unit apartment building located on 2000 Kemp Place E. The three-story project was constructed in 2016. The in-unit amenities include an in-unit washer/dryer, a full stainless steel appliance package, granite countertops, fireplace, and free WiFi. The project amenities include a community room, fitness center, elevator, library, and controlled access. The building has detached and attached heated garage parking. The parking is included in the monthly rent. Water, sewer, and trash are included in the base rent. Tenant pays for forced air. At the time of this survey, the apartment building was fully occupied.

## Comparable Residential - Multi-unit Mid / High Rise No. 4

Property Name Parkside Place  
Address 8 2nd Street Northeast  
Watertown, SD 57201  
United States

Government Tax Agency Codington  
Govt./Tax ID 9358

### Unit Mix Detail

|                |         |      |           |       |           |
|----------------|---------|------|-----------|-------|-----------|
| Rate Timeframe | Monthly |      |           |       |           |
| Unit Type      | No.     | %    | Size (sf) | Rent  | Rent / sf |
| 1BR/1BA        | 36      | 100% | 750-778   | \$945 | \$1.24    |
| Totals/Avg     | 36      |      |           | \$945 | \$1.24    |



### Improvements

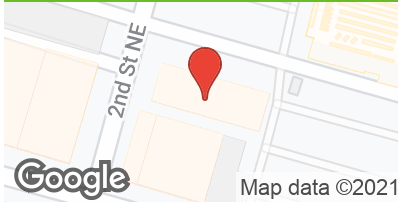
|                           |  |                 |          |
|---------------------------|--|-----------------|----------|
| Land Area                 | 0.593 ac   | Status          | Existing |
| Gross Building Area (GBA) | 40,000 sf  | Year Built      | 2021     |
| Total # of Units          | 36 Unit  | Year Renovated  | N/A      |
| Average Unit Size         | 764 sf   | Condition       | Good     |
| Floor Count               | 4  | Exterior Finish | Masonry  |
| Property Features         | Elevators, Fire Sprinklered, Flat Roofs, Ground-level Retail, Structured Parking, Under-building Parking   |                 |          |
| Project Amenities         | Roof Deck / Terrace  |                 |          |
| Unit Amenities            | Black Appliances, Carpeted Flooring, Dishwasher, Garbage Disposal, Granite Countertops, Microwave Oven, Plank Flooring, Private Patios / Balconies, Range / Oven, Refrigerator, Washer / Dryer Connections |                 |          |

### Rental Survey

|                |           |                            |                         |
|----------------|-----------|----------------------------|-------------------------|
| Occupancy      | 0%        | Utilities Included in Rent | water, sewer, and trash |
| Lease Term     | 12 Mo(s). | Rent Premiums              | None                    |
| Tenant Profile | N/A       | Concessions                | None                    |
| Survey Date    | 03/2021   | Owner                      | GT Brothers LLC         |
| Survey Notes   | N/A       | Management                 | N/A                     |

**Comparable Residential - Multi-unit Mid / High Rise No. 4**

**Map & Comments**



This is a proposed Downtown Watertown development with plans for a four-story mixed-use apartment/retail building with 36 units and 3,803 square feet of ground-floor commercial space. The development will also include a first-floor 36 stall heated parking garage. The property will consist of all one-bedroom units. Amenities are to include an elevator, dishwasher, rooftop deck, washers/dryers hookups in each unit (option to rent a washer and dryer for \$50/month), LED lighting, brushed nickel fixtures, and city park views. Utilities of water, sewer, and garbage are included in the base rent. There is also a space on the second floor that will be dedicated to an amenity space with plans at a later date. Construction is scheduled to be complete in July, of 2021.



## Comparable Residential - Multi-unit Garden No. 5

Property Name Wilkeshire Apartments  
Address 1845 North Westminster  
Watertown, SD 57201  
United States

Government Tax Agency Codington  
Govt./Tax ID 15495

### Unit Mix Detail

| Rate Timeframe    | Monthly |     |           |         |           |
|-------------------|---------|-----|-----------|---------|-----------|
| Unit Type         | No.     | %   | Size (sf) | Rent    | Rent / sf |
| 1BR/1BA           | 33      | 73% | 880       | \$800   | \$0.91    |
| 2BR/1BA           | 2       | 4%  | 980       | \$875   | \$0.89    |
| 2BR/1BA-Corporate | 10      | 22% | 1,080     | \$1,475 | \$1.37    |
| Totals/Avg        | 45      |     |           | \$953   | \$1.03    |



### Improvements

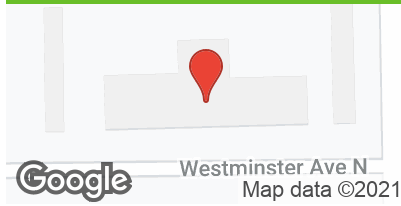
|                           |  |                 |              |
|---------------------------|--|-----------------|--------------|
| Land Area                 | 2.649 ac   | Status          | Existing     |
| Gross Building Area (GBA) | 70,000 sf  | Year Built      | 1993         |
| Total # of Units          | 45 Unit  | Year Renovated  | N/A          |
| Average Unit Size         | 980 sf   | Condition       | Average      |
| Floor Count               | 3  | Exterior Finish | Brick Veneer |
| Property Features         | Detached Garages, Elevators, Gated / Controlled Access, Individual Split Systems, On-Site Management, Surface Parking              |                 |              |
| Project Amenities         | Clubhouse, Storage Units   |                 |              |
| Unit Amenities            | Ceiling Fans, Dishwasher, Garbage Disposal, Microwave Oven, Private Patios / Balconies, Range / Oven, Refrigerator, Washer / Dryer |                 |              |

### Rental Survey

|                |               |                            |                        |
|----------------|---------------|----------------------------|------------------------|
| Occupancy      | 100%          | Utilities Included in Rent | Water, Sewer and Trash |
| Lease Term     | 6 - 12 Mo(s). | Rent Premiums              | None                   |
| Tenant Profile | All Ages      | Concessions                | None                   |
| Survey Date    | 03/2021       | Owner                      | N/A                    |
| Survey Notes   | N/A           | Management                 | N/A                    |

| Comparable | Residential - Multi-unit Garden | No. 5 |
|------------|---------------------------------|-------|
|------------|---------------------------------|-------|

Map & Comments




This comparable represents a 45-unit complex that offers one- and two-bedroom units, located along North Westminister Avenue. Corporate units are available at \$804 per month. Water usage is included in the base rent, tenant pays for additional utilities. Apartment amenities include washer/dryers in each unit, high-speed internet access, ceiling fans elevator, patios/balconies, community room, extra garage and storage space, controlled access, and on-site management. Pets are not allowed at this complex. Located near shopping centers, lakes, parks, golf courses, restaurants, and schools. At the time of this survey, the apartments were fully occupied.

**Addendum D**

**OPERATING DATA**

|           |               |           |             |                |
|-----------|---------------|-----------|-------------|----------------|
| Proforma  | Address:      | Owner:    | Year Built: | Updated as of: |
| The Ruins | 315 East Kemp | Ruins LLC | 2020        | 1/22/2021      |

| Stats                 |               | Cost and Loan Details |    | Tax Allocations |    | Taxable Income       |   |
|-----------------------|---------------|-----------------------|----|-----------------|----|----------------------|---|
| Number of Units       | 63            | Development Costs     |    | 8,081,500.00    |    | Projected NOI        | 618,537.90                                    |
| Number of Buildings   | 1             | Down Payment          | \$ | 1,973,000.00    | \$ | Mortgage Interest    | <span style="color: red;">(331,908.59)</span> |
| Total Building SqFt   | 100,908       | Loan Amount           | \$ | 7,892,000.00    | \$ | Depreciation         | <span style="color: red;">(425,418.18)</span> |
| Cap Rate              | 6.27%         | Rate                  |    | 4.25%           | \$ | Total Deductions     | <span style="color: red;">(757,326.77)</span> |
| Gross Rent Multiplier | 12.33         | Amortization (Years)  | 25 |                 |    |                      |   |
| Price Per Unit        | \$ 156,587.30 | Payment Per Month     | \$ | 42,753.97       | \$ | Total Taxable Income | <span style="color: red;">(138,788.87)</span> |

| Unit Description  | No. of Units | Monthly Rent | Total Monthly Rent | Unit Size | \$/SqFt | Notes: | Photo   |
|---|--------------|--------------|--------------------|-----------|---------|--------|---|
| Commerical Space<br>CAM<br><br>Floor 2 - 4<br><br>1BR<br>2BR<br>eff<br><br>commercial |              |              |                    |           |         |        |  |
|   | 36           | 985          | 35,460.00          | TBD       | TBD     |        |   |
|   | 15           | 1375         | 20,625.00          | TBD       | TBD     |        |   |
|   | 12           | 895          | 10,740.00          | TBD       | TBD     |        |   |
|   | 7            | 12           | 2,220.00           |           | 2220    |        |   |
| Garages / Parking passes  | 0            | 0            | \$ -               |           |         |        |   |
| Storage Units   | 0            | 0            | \$ -               |           |         |        |   |
| Totals:   |              |              | \$ 69,045.00       |           |         |        |   |

| INCOME   |   |                         | EXPENSES                     |  |                                     |
|--|---|-------------------------|------------------------------|--|-------------------------------------|
| Gross Potential Rents<br>Month-2-month Rent<br>Garage Rent<br>Vacancies<br>Uncollected Rents<br>Rental Incentives<br><br>Net Collected Rent<br>Non-refundable Pet Fees<br>Laundry Income<br>Interest Income<br>Late Fees<br>Application Fees<br>NSF Fees<br>Re-rental Charges<br>Cable / Internet Income<br>Other Income<br><br>Total Income | \$ 828,540.00                                   | 0.00%                   | Maintenance Expenses         |  |                                     |
|  | \$ 4,142.70                                     | 0.50%                   | Admin & Utility Expenses     |  |                                     |
|  | \$ -  | 0.00%                   | Maintenance Staff Costs      | \$ 4,536.00                                    | Onsite Office Staff                 |
|  | <span style="color: red;">\$ (33,141.60)</span> | 4.00% of GPR            | Caretaker                    | \$ 3,780.00                                    | Advertising / Marketing             |
|  | <span style="color: red;">\$ -</span>           | 0.00% of GPR            | Repairs / Maintenance        | \$ 4,536.00                                    | Professional Fees                   |
|  | <span style="color: red;">\$ (8,285.40)</span>  | 1.00% of GPR            | Turn Cleaning                | \$ 756.00                                      | Site Office Rent / Utilities        |
|  |   | 0.50% Annual Estimate   | Painting / Decorating        | \$ 1,134.00                                    | Site Office Supplies                |
|  |   |                         | Plumbing                     | \$ 756.00                                      | Site Office Equipment / Furnishings |
|  |   |                         | Electrical / Fire Protection | \$ 982.80                                      | Telephone Costs / Service           |
|  |   |                         | HVAC                         | \$ 1,209.60                                    | Credit & Collections                |
| Total Income   | \$ 791,255.70                                   | 5.00 Per unit per month | Elevator                     | \$ 850.00                                      | Property Management                 |
|  | \$ 3,780.00                                     | 4.50 Per unit per month | Flooring                     | \$ 1,512.00                                    | Real Estate Taxes                   |
|  | \$ 1,000.00                                     | Annual Estimate         | Appliances/Laundry           | \$ 756.00                                      | CAM Reimb                           |
|  | \$ 1,134.00                                     | 1.50 Per unit per month | Extermination                | \$ 378.00                                      | Property Insurance                  |
|  | \$ 378.00                                       | 0.50 Per unit per month | Pool / Clubhouse             | \$ -   | Cable / Internet                    |
|  | \$ 756.00                                       | 1.00 Per unit per month | Pet Monitoring               | \$ 189.00                                      | Electricity - Apts                  |
|  | \$ 831.60                                       | 1.10 Per unit per month | Grounds Maintenance          | \$ 600.00                                      | Electricity - Building              |
|  | \$ 500.00                                       | 3.25 Per unit per month | Snow Removal                 | \$ 600.00                                      | Natural Gas - Apts                  |
|  |   |                         | Move out costs               | \$ 3,024.00                                    | Natural Gas - Building              |
|  |   |                         | Resident Chargebacks         | \$ <span style="color: red;">(3,213.00)</span> | Water & Sewer                       |
|  |   |                         | Other Maintenance            | \$ -   | Garbage Removal                     |
|  |   |                         | Total Maintenance Exp.       | \$ 22,386.40                                   | Total Admin & Utility Exp.          |
|  |   |                         |                              |  | \$ 159,467.00                       |
|  |   |                         |                              |  | 19.2% of Gross Income               |

\*\*\*Expenses Per Unit:

2,886.56

|                      |  |    |            |                       |
|----------------------|--|----|------------|-----------------------|
| Total Operating Exp. |  | \$ | 181,853.40 | 21.9% of Gross Income |
| Net Operating Income |  | \$ | 618,537.90 | 74.7% of Gross Income |
| Less: Cap X Reserves |  | \$ | -          | Per unit per year     |
| Debt Service         |  | \$ | 513,047.65 | 1.21 DSCR             |
| Net Cash Flow        |  | \$ | 105,490.25 | 5.35% Cash on Cash    |

| Return On Investment             |               |       |
|----------------------------------|---------------|-------|
| Cash Return                      | \$ 105,490.25 | 5.35% |
| Principle Reduction (3 year avg) | \$ 189,102.62 | 9.58% |
| Appreciation 1%                  | \$ 98,650.00  | 5.00% |
| Taxable Loss (30%)               | \$ 127,625.45 | 6.47% |
| Total                            | \$ 520,868.32 | 26.4% |

Addendum E

## LEGAL DESCRIPTION

CODINGTON COUNTY DIRECTOR OF EQUALIZATION

05/07/2021

14 1 AVE SE  
WATERTOWN SD 57201  
(605) 882-6274

PROPERTY OWNER: **CRAIG HOLDINGS LLC**

1405 1 AVE N  
FARGO ND 58102

Property Address: 315 E KEMP

MH Serial #:

Title #:

Legal: WATERTOWN CITY  
W85' LOTS 19-22  
BLK 1  
ORIGINAL PLAT

ORIGINAL PLAT

19 - 1 - 0 - 0

Record #: **9352**

Total Acres/Lots: .00

Filed: 11/05/2019  
Deed Type: WD  
Lot Size: 85 X 200

Instrument: 11/01/2019 Book: 425 Page: 4663  
Sequence: 19-1078 Sale Codes: 1 - 2,020 - 10 Year Built: 1920  
Last known Selling Price: \$500,000 Parcels Sold: 1

TAXING DISTRICTS

Town/Township: 51 WATERTOWN CITY  
School: 14-4 WATERTOWN SCHOOL

Special Districts -

|                        |      |      |
|------------------------|------|------|
| 1: 0                   | 4: 0 | 7: 0 |
| 2: 1 EAST DAKOTA WATER | 5: 0 | 8: 0 |
| 3: 0                   | 6: 0 | 9: 0 |

|                        |          | 2021    |        |        |        | 2020      |
|------------------------|----------|---------|--------|--------|--------|-----------|
|                        |          | F & T   | LOC? # | CO.? # | ST.? # | Last Year |
| Ag Building Exemption: |          |         |        |        |        |           |
| AG B R                 | AG-D1    |         |        |        |        |           |
| B C                    | AG-DC2   |         |        |        |        |           |
| L R                    | AG-D     |         |        |        |        |           |
| L C                    | AG-DC    |         |        |        |        |           |
| NA B R                 | NA-D1    |         |        |        |        |           |
| B C                    | NA-DC2   | 286,714 |        |        |        | 260,649   |
| L R                    | NA-D     |         |        |        |        |           |
| L C                    | NA-DC    | 84,060  |        |        |        | 73,096    |
| M H                    | NA-DM1   |         |        |        |        |           |
| OO B R                 | NA-D1-S  |         |        |        |        |           |
| L R                    | NA-D-S   |         |        |        |        |           |
| M H                    | NA-DM1-S |         |        |        |        |           |
| TOTALS:                |          | 370,774 | 0      | 0      | 0      | 333,745   |

|   |                                     |
|---|-------------------------------------|
| Parcel Information                      |                                     |
| <input type="radio"/> Record #          | 9352                                |
| <input type="radio"/> Property Address  | 315 E KEMP                          |
| <input type="radio"/> Owner             | CRAIG HOLDINGS LLC                  |
| <input type="radio"/> Legal Description | W85' LOTS 19-22 BLK 1 ORIGINAL PLAT |
| <input type="radio"/> Legal Acres       | 0                                   |
| <input type="radio"/> Watertown Plat    | ORIGINAL TOWN PLAT                  |
| <input type="radio"/> Township          | ELMIRA                              |
| <input type="radio"/> Township Range    | 117N 52W                            |
| <input type="radio"/> Section           | 31                                  |
| Zoning and Land Use                     |                                     |
| <input type="radio"/> Watertown Zoning  | C1                                  |
| Watertown Landuse                       | Not available                       |
| <input type="radio"/> Parcel Landuse    | CITY                                |
| 2016 FEMA Flood Zone                    |                                     |



☐

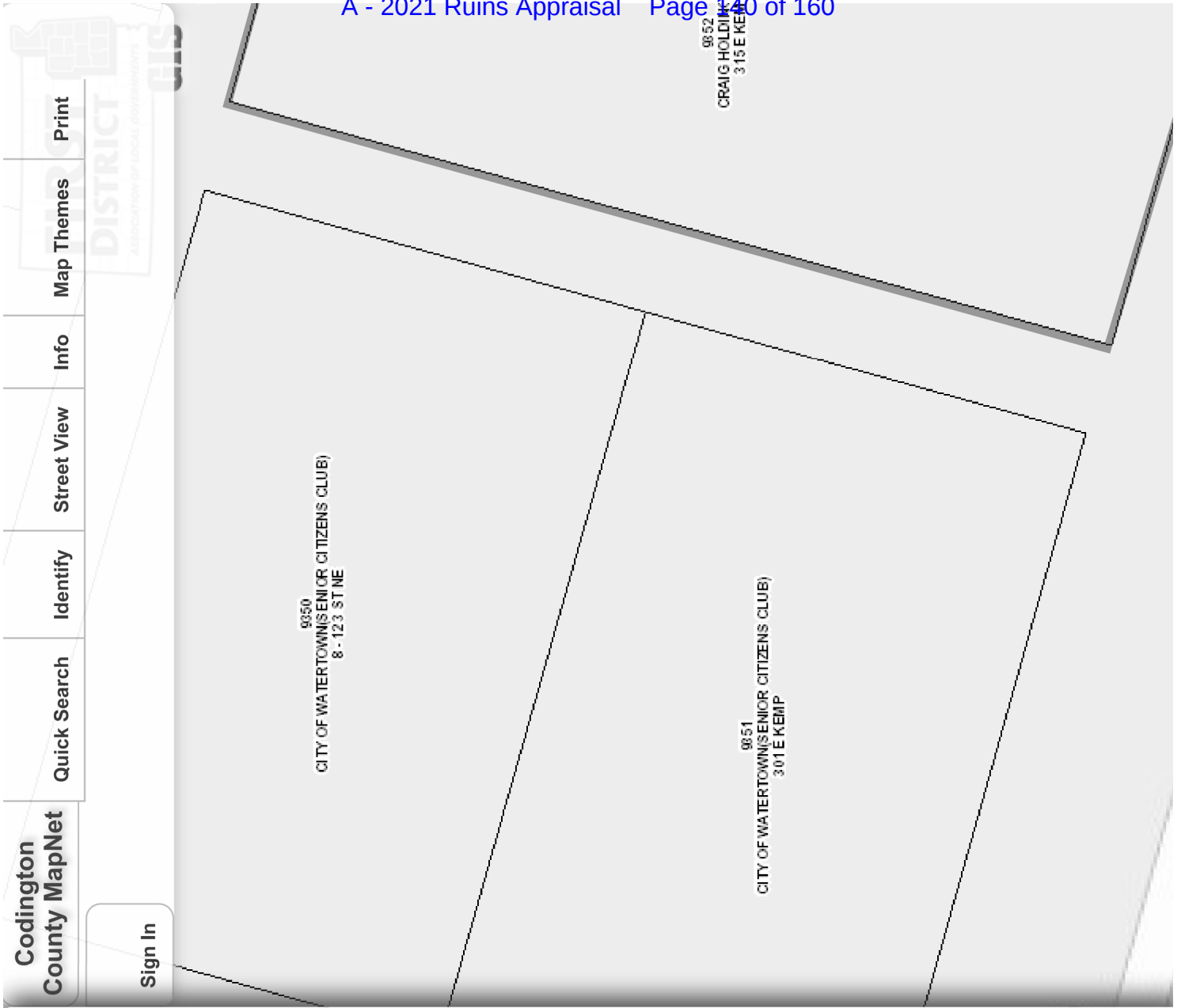
Flood Zone      No Flood Zone

School District

Voter Information

Nearby Bike Trails

Nearby Medical Facilities



|                    |                                     |                 |  |         |  |
|--------------------|-------------------------------------|-----------------|--|---------|--|
| CRAIG HOLDINGS LLC |                                     | 315 E KEMP      |  | Zoom to |  |
| Community Info     |                                     | Photos/Sketches |  |         |  |
| Map Links          |                                     |                 |  |         |  |
| Record Number      | 9352                                |                 |  |         |  |
| Owner              | CRAIG HOLDINGS LLC                  |                 |  |         |  |
| Additional Owner   |                                     |                 |  |         |  |
| Legal              | W85' LOTS 19-22 BLK 1 ORIGINAL PLAT |                 |  |         |  |
| Legal Acres        | 0                                   |                 |  |         |  |
| Town/Township      | WATERTOWN CITY                      |                 |  |         |  |
| Section            | 19                                  |                 |  |         |  |
| Twp/Block          | 1                                   |                 |  |         |  |
| Range              |                                     |                 |  |         |  |
| GIS Update         | 4/30/2013                           |                 |  |         |  |
| Property Address   | 315 E KEMP                          |                 |  |         |  |
| Owner Zip          | 58102                               |                 |  |         |  |
| School District    | 14-4                                |                 |  |         |  |
| Record Query       | 9352                                |                 |  |         |  |
| Last Sale Price    | 500000                              |                 |  |         |  |

Codington County MapNet

5/6/2021

|              |                   |
|--------------|-------------------|
| Extent       | 17251.7420040798  |
| Shape_Length | 572.6539761572092 |
| Shape_Area   | 17251.7420040798  |

9538  
KARST RENTALS LLC  
300 E KEMP



| Collector             | Record Number  | District            | Year | Type        |
|-----------------------|----------------|---------------------|------|-------------|
| Codington County, SD  | 009352         |                     | 2020 | Current Tax |
| Last Updated 5/4/2021 |                |                     |      |             |
| Owner                 | Owner Address  | Property Address    |      |             |
| CRAIG HOLDINGS LLC    | 1405 1 AVE N   | 315 E KEMP          |      |             |
|                       | FARGO ND 58102 | , WATERTOWN CITY,   |      |             |
|                       |                | <a href="#">Map</a> |      |             |

**Legal Description**  
W85' LOTS 19-22 BLK 1 ORIGINAL PLAT

| First Installment |                              |
|-------------------|------------------------------|
| Base Due          | 2,640.38 Due Date 04/30/2021 |
| Interest          | 21.92                        |
| Net               | 2,662.30                     |
| Total Due         | 2,662.30                     |

| Second Installment |                              |
|--------------------|------------------------------|
| Base Due           | 2,640.38 Due Date 10/31/2021 |
| Net                | 2,640.38                     |
| Total Due          | 2,640.38                     |

| Totals    |          |
|-----------|----------|
| Base Due  | 5,280.76 |
| Interest  | 21.92    |
| Net       | 5,302.68 |
| Total Due | 5,302.68 |

**Web Payments**

5/6/2021



<https://www.govtechtaxpro.com/modules/parceidetailpopup.php?id=4830845185&print=1>

Addendum F

## CLIENT CONTRACT INFORMATION

# Proposal and Contract for Services

CBRE, Inc.  
5201 S. Western Ave. Suite 105  
Sioux Falls, SD 57108  
[www.cbre.us/valuation](http://www.cbre.us/valuation)

**Josh Luther**  
Vice President

April 12, 2021

Martin Peterson  
Commercial & Ag Loan Officer  
**RED RIVER STATE BANK**  
114 N. Mill Street  
Fertile, Minnesota 56540  
Phone: 218-945-6171 ext. 321  
Email: martin.peterson@redriverbank.com

RE: Assignment Agreement  
Residential  
The Ruins, LLC, 315 E. Kemp  
Watertown, SD 57201

Dear Peterson:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

## PROPOSAL SPECIFICATIONS

|                          |  |
|--------------------------|--|
| <b>Purpose:</b>          | To estimate the Market Value of the referenced real estate   |
| <b>Premise:</b>          | As Is, As Complete, and As Stabilized  |
| <b>Rights Appraised:</b> | Fee Simple   |
| <b>Intended Use:</b>     | Mortgage Underwriting purposes   |
| <b>Intended User:</b>    | The intended user is <b>RED RIVER STATE BANK</b> ("Client"), and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein).  |
| <b>Reliance:</b>         | Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith. |



**Inspection:** CBRE will conduct a physical inspection of both the interior and exterior of the subject property, as well as its surrounding environs on the effective date of appraisal.

**Valuation Approaches:** All three traditional approaches to value will be considered.

**Report Type:** Standard Appraisal Report

**Appraisal Standards:** USPAP

**Appraisal Fee:** \$5,000

**Expenses:** Fee includes all associated expenses

**Retainer &** A retainer is not required for this assignment. Final payment is

**Payment Terms:** due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. The fee is considered earned upon delivery of the draft report.

**Delivery Instructions:** We will invoice you for the assignment in its entirety at the completion of the assignment.  
CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report.

An Adobe PDF file via email will be delivered to martin.peterson@redriverbank.com. The client has requested 1 bound final copy.

**Delivery Schedule:**

**Final Report:** May 7<sup>th</sup>, 2021

**Start Date:** The appraisal process will start upon receipt of your signed agreement and the property specific data.

**Acceptance Date:** These specifications are subject to modification if this proposal is not accepted within 5 business days from the date of this letter.

**Market Volatility:**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a global pandemic on the 11th March 2020, is causing heightened uncertainty in both local and global market conditions. Our valuation is based on the information available to us at the date of valuation. You acknowledge that our reports may include clauses highlighting heightened uncertainty if appropriate, and we recommend our valuation is kept under frequent review.

Both governments and companies are initiating travel restrictions, quarantine and additional safety measures in response to the COVID-19 pandemic. If, at any point, our ability to deliver the services under this LOE are restricted due to the pandemic, we will inform you within a reasonable timeframe and work with you on how to proceed. Whilst we will endeavor to meet the required timeframe for delivery, you acknowledge any Government or company-imposed restrictions due to the virus may impede our ability to meet the timeframe and/or deliverables of this engagement, and delays may follow. Any delays or inability to deliver on this basis would not constitute a failure to meet the terms of this engagement.

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties hereto.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

**CBRE, Inc.**  
**Valuation & Advisory Services**



Josh Luther  
Vice President  
As Agent for CBRE, Inc.  
C +1 605-201-0684  
Josh.Luther@cbre.com

## AGREED AND ACCEPTED

FOR RED RIVER STATE BANK ("CLIENT"):



Signature

4/12/2021

Date

Martin Peterson

Name

Commercial & Ag Loan Officer

Title

218-945-6171 ext. 321

Phone Number

martin.peterson@redriverbank.com

E-Mail Address



## TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement") between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site), with a minimum charge of \$500. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 5 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between



Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.
16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report , in



whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.

17. Furthermore, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any Damages claimed by any user or recipient of the Appraisal Report, whether or not an Intended User, (iii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iv) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Appraisal Report, (b) any services or appraisals under this Agreement or (c) any acts or conduct relating to such services or appraisals, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

## SPECIFIC PROPERTY DATA REQUEST

In order to complete this assignment under the terms outlined, CBRE, Inc., Valuation & Advisory Services, will require the following specific information for the property:

1. PLEASE NOTIFY US IMMEDIATELY IF ANY OTHER CBRE SERVICE LINE (INCLUDING CAPSTONE) IS INVOLVED IN THE BROKERAGE, FINANCING, INVESTMENT OR MANAGEMENT OF THIS ASSET.
2. The email and phone number of the property contact to schedule the site inspection and request additional information concerning the property.

If any of the requested data and information is not available, CBRE, Inc., reserves the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements. Please have the requested information delivered to the following:

Josh Luther  
Vice President  
Josh.Luther@cbre.com  
CBRE, Inc.  
Valuation & Advisory Services  
5201 S. Western Ave. Suite 105  
Sioux Falls, SD 57108



Addendum G

# QUALIFICATIONS

# Chris Jenkins, MAI, AI-GRS, CCIM

Director, Des Moines



T +1 515 273 3390  
F +1 515 273 3399  
chris.jenkins@cbre.com

1055 Jordan Creek Parkway  
Suite 210  
West Des Moines, IA 50266

## Clients Represented

- Bank of America
- Bank of the West
- Bankers Trust
- C-III Capital Partners
- Cedar Rapids Bank & Trust
- Davis Brown Law Firm
- Great Southern Bank
- Great Western Bank
- Lincoln Savings Bank
- MidWestOne Bank
- Mutual of Omaha Bank
- NorthMarq
- Principal Real Estate Investors
- VEREIT
- Wal-Mart

Chris Jenkins, MAI, AI-GRS, CCIM is a Director with 27 years of real estate appraisal and consulting experience. He is in the Valuation & Advisory Services group's West Des Moines office in the Midwest Region. Prior to joining CBRE in 2006, Mr. Jenkins was Vice President of Iowa Appraisal and Research Corporation in Des Moines, Iowa. His geographical focus is the States of Iowa, Nebraska, and South Dakota.

## Experience

As a Director, Mr. Jenkins is responsible for appraisal reviews and internal quality control for the Iowa, Nebraska, and South Dakota offices. He also assists with appraisal reviews in other areas of the Midwest Region and third party reviews in addition to performing appraisal production. Mr. Jenkins has experience providing real estate appraisals, consultations, reviews, and litigation support. His clients include financial institutions, developers, individual and corporate property owners, special servicers, attorneys, city and county governments and state agencies. His appraisal experience encompasses a wide variety of property types including office, retail, industrial, multifamily residential, senior housing, hotels, net-leased investments, medical office buildings, restaurants, residential and commercial subdivisions, data centers, golf courses, rail corridors, and other special purpose properties. Mr. Jenkins has extensive experience with appraisals and testimony for litigation.

Mr. Jenkins holds the MAI and AI-GRS designations from the Appraisal Institute and the CCIM designation from the CCIM Institute. He served as 2010 President of the Iowa Chapter of the Appraisal Institute and is a past board member and committee chair.

## Professional Affiliations / Accreditations

- Appraisal Institute
  - MAI Designated Member
  - AI-GRS Designated Member
  - Experience Review Panel, past member
  - Iowa Chapter
    - President, 2010
    - Secretary/Treasurer
    - Committee Chair
    - Board of Directors
- CCIM Institute, CCIM (Certified Commercial Investment Member) Designation
- Certified General Real Estate Appraiser
  - State of Iowa—No. CG01814
  - State of Nebraska—No. CG260381R
  - State of South Dakota—No. 1210CG
  - State of Minnesota—No. 40330591
  - State of North Dakota—No. CG-21642
- Iowa Commercial Real Estate Association (ICREA), member
- National Association of Realtors, Institute Affiliate

## Education

- Iowa State University, Ames, Iowa, Bachelor of Business Administration; Finance Major with Economics Minor

# Chris Jenkins, MAI, AI-GRS, CCIM

Director, Des Moines

## Representative Transactions

| Property                        | Location               | Size         |
|---------------------------------|------------------------|--------------|
| Call Center                     | Lincoln, Nebraska      | 113,000 SF   |
| Apartment Complex               | Des Moines, Iowa       | 316 Units    |
| Retail Power Center             | Council Bluffs, Iowa   | 512,000 SF   |
| Full Service Hotel              | West Des Moines, Iowa  | 219 Rooms    |
| Student Housing Portfolio       | Ames, Iowa             | 484 Units    |
| Office Building                 | Des Moines, Iowa       | 900,000 SF   |
| Hotel Market Study              | Lincoln, Nebraska      | 150 Rooms    |
| Food Processing/Distribution    | Ames, Iowa             | 500,000 SF   |
| Manufacturing Plant             | Pella, Iowa            | 1,700,000 SF |
| Office Building                 | Omaha, Nebraska        | 181,000 SF   |
| Apartment Complex               | Grand Island, Nebraska | 160 Units    |
| Multi-Tenant Warehouse          | Urbandale, Iowa        | 518,000 SF   |
| Medical Office                  | Ankeny, Iowa           | 100,000 SF   |
| Limited Service Hotel Portfolio | Iowa/Nebraska          | Various      |

# South Dakota Department of Labor and Regulation

NO: 1210CG

This is to Certify that CHRIS R JENKINS of URBANDALE, IA is duly licensed to appraise property in the State of South Dakota as a

## STATE CERTIFIED GENERAL APPRAISER

Highest Level

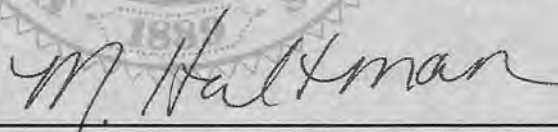
from the date hereof until September 30, 2021, unless terminated by the Department

State-Certified General Appraiser classification applies to appraisal of any type of property without regard to transaction value or complexity. The appraiser is bound by the Competency Rule of the Uniform Standards of Professional Appraisal Practice.

IN WITNESS WHEREOF,

this document was signed by the official in charge of licensing and certification on September 15, 2020

2021



Secretary,  
SOUTH DAKOTA  
DEPARTMENT OF LABOR AND REGULATION



# Scott Mausbach

Senior Appraiser, Omaha



T +1 402 504 1406  
F +1 402 697 5859  
scott.mausbach@cbre.com

11213 Davenport Street  
Suite 300  
Omaha, NE 68154

Scott Mausbach is a Senior Appraiser with over 10 years of real estate appraisal and consulting experience. He is in the Valuation & Advisory Services group's Omaha office in the Midwest Region. Prior to joining CBRE in 2017, Mr. Mausbach was an Associate Appraiser in the Kansas City area. His geographical focus is the States of Iowa, Nebraska, and South Dakota.

## Experience

As a Senior Appraiser, Mr. Mausbach has performed a variety of appraisals throughout the middle portion of the United States. He also has experience providing consultations and litigation support. His clients include financial institutions, developers, individual and corporate property owners, special servicers, attorneys, city and county governments and state agencies. His appraisal experience encompasses a wide variety of property types including office, retail, industrial, multifamily residential, senior housing, hotels, net-leased investments, medical office buildings, restaurants, residential and commercial subdivisions, and other special purpose properties.

Mr. Mausbach is a candidate for MAI designation from the Appraisal Institute.

## Clients Represented

- American National Bank
- Citizens Bank
- Cobalt Credit Union
- Core Bank
- Cornerstone Bank
- Cornhusker Bank
- Dundee Bank
- Enterprise Bank
- Exchange Bank
- First Bank & Trust
- First National Bank of Omaha
- Grandbridge
- Great Southern Bank
- Great Western Bank
- Mutual of Omaha Bank
- NorthMarq
- Pinnacle Bank
- Premier Bank
- Security First Bank
- Union Bank & Trust
- University of Nebraska Medical Center
- Veridian Credit Union
- West Gate Bank

## Professional Affiliations / Accreditations

- Appraisal Institute
  - Candidate for Designation (MAI)
- Certified General Real Estate Appraiser
  - State of Iowa—No. CG03398
  - State of Nebraska—No. CG2014019R
  - State of South Dakota—No. 1439CG
  - State of Kansas—No. G-3323
  - State of Missouri—No. 2014039606

## Education

- University of Missouri-Kansas City – Bachelor of Business & Administration – Real Estate Emphasis



# South Dakota Department of Labor and Regulation

NO: 1439CG

This is to Certify that SCOTT L MAUSBACH of ELKHORN, NE is duly licensed to appraise property in the State of South Dakota as a

## STATE CERTIFIED GENERAL APPRAISER

Highest Level

from the date hereof until September 30, 2021, unless terminated by the Department

State-Certified General Appraiser classification applies to appraisal of any type of property without regard to transaction value or complexity. The appraiser is bound by the Competency Rule of the Uniform Standards of Professional Appraisal Practice.

IN WITNESS WHEREOF,

this document was signed by the official in charge of licensing and certification on October 1, 2020

2021



Secretary,  
SOUTH DAKOTA  
DEPARTMENT OF LABOR AND REGULATION

STATE OF SOUTH DAKOTA

NO: 1439CG

This is to certify that

SCOTT L MAUSBACH

is a STATE CERTIFIED GENERAL APPRAISER

Issued: October 1, 2020

2021

Expires: September 30, 2021

DEPARTMENT OF LABOR AND REGULATION

BY:



STATE OF SOUTH DAKOTA

NO: 1439CG

This is to certify that

SCOTT L MAUSBACH

is a STATE CERTIFIED GENERAL APPRAISER

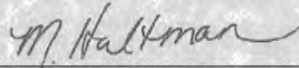
Issued: October 1, 2020

2021

Expires: September 30, 2021

DEPARTMENT OF LABOR AND REGULATION

BY:



### YEAR 2020 CERTIFICATE RENEWAL REQUIREMENTS:

- Complete renewal application.
- Pay the prescribed renewal fee
- The 2020-2021 7-HOUR NATIONAL USPAP UPDATE COURSE MUST BE COMPLETED DURING THE PERIOD OCTOBER 1, 2019 THROUGH JUNE 30, 2020

### YEAR 2021 CERTIFICATE RENEWAL REQUIREMENTS:

- Complete renewal application.
- Pay the prescribed renewal fee.
- Verify completion of 28 hours of approved continuing education completed during the period October 1, 2019 through August 17, 2021. (7 HOURS MUST BE OF THE 2020-2021 7-HOUR NATIONAL USPAP UPDATE COURSE COMPLETED DURING THE PERIOD OCTOBER 1, 2019 THROUGH JUNE 30, 2020)

[CONTINUING EDUCATION NOT APPLICABLE TO RECIPROCAL LICENSEES.]



# Josh Luther, MAI

*Vice President, Sioux Falls, SD*



M +1 605 201 0684  
Josh.Luther@cbre.com

5201 S. Western Ave.  
Suite 105  
Sioux Falls, SD 57108

## Clients Represented

- Central Bank
- CorTrust Bank
- Dacotah Bank
- First Bank & Trust
- First Dakota National Bank
- First National Bank in Sioux Falls
- First Premier Bank
- Frontier Bank
- Great Southern Bank
- Great Western Bank
- MetaBank
- Northwest Bank
- Plains Commerce Bank
- Security National Bank
- Sioux Empire Federal Credit Union
- Various government agencies, law firms, trust companies, & private property owners

## Experience

Josh Luther is an established commercial real estate appraiser and an MAI designated member of the Appraisal Institute with more than 15 years of commercial real estate experience in the South Dakota area. Mr. Luther presently works as a commercial real estate appraiser with CBRE Valuation and Advisory Services in Sioux Falls, SD. Prior to joining CBRE, Mr. Luther was the principal owner of Insight ValueMetrics, a Sioux Falls-based firm providing commercial real estate appraisal and advisory services. Since starting Insight ValueMetrics, Mr. Luther grew his business from scratch to a successful appraisal firm serving over two dozen local and regional clients that have provided loyal repeat business, including privately owned and publicly traded financial institutions, attorney's, certified public accountants, trust officers, public school districts, and private property owners. Mr. Luther is a Sioux Falls native and his strength is his extensive knowledge of appraisal theory and diverse experience with a wide variety of commercial property types, including both real property and going concern assignments. He combines his in-depth, local knowledge and expertise with CBRE's resources to provide superior customer service to clients.

Residential assignments include apartment complexes, assisted living centers, manufactured parks, townhomes, etc.

Commercial assignments include automotive dealerships, convenience stores, car washes, restaurants, general retail stores, shopping centers, truck stop/travel centers, day care centers, general office buildings, medical office buildings, dental clinics, surgical centers, hospitals, financial institutions, churches, schools, light and heavy industrial facilities, truck terminals, mini-warehouse facilities, warehouses, service garages, manufacturing facilities, lumberyards, special-purpose properties, etc.

Land assignments completed include residential and mixed-use subdivisions; large tracts of development land; individual lots for retail, office, industrial, multifamily, and institutional uses, etc.

## Professional Affiliations / Accreditations

- MAI Designated Member of the Appraisal Institute
- State Certified General Appraiser
  - Licensed in SD, IA, & MN

## Education

- Colorado Technical University, Sioux Falls, SD
  - Master of Business Administration with a Concentration in Project Management
  - Cumulative GPA of 3.95/4.0
- Black Hills State University, Spearfish, SD
  - BS Business Administration, Computer Applications Minor
  - Cumulative GPA of 3.3/4.0

# South Dakota Department of Labor and Regulation

NO: 1021CG

This is to Certify that JOSHUA W LUTHER of SIOUX FALLS, SD is duly licensed to appraise property in the State of South Dakota as a

## STATE CERTIFIED GENERAL APPRAISER

Highest Level

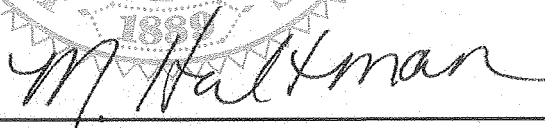
from the date hereof until September 30, 2021, unless terminated by the Department

State-Certified General Appraiser classification applies to appraisal of any type of property without regard to transaction value or complexity. The appraiser is bound by the Competency Rule of the Uniform Standards of Professional Appraisal Practice.

IN WITNESS WHEREOF,

this document was signed by the official in charge of licensing and certification on September 3, 2020

2021

  
Secretary,  
SOUTH DAKOTA  
DEPARTMENT OF LABOR AND REGULATION

STATE OF SOUTH DAKOTA

NO: 1021CG

This is to certify that  
JOSHUA W LUTHER

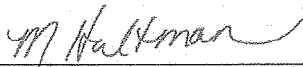
is a STATE CERTIFIED GENERAL APPRAISER

Issued: September 3, 2020

Expires: September 30, 2021

DEPARTMENT OF LABOR AND REGULATION

BY:



STATE OF SOUTH DAKOTA

NO: 1021CG

This is to certify that  
JOSHUA W LUTHER

is a STATE CERTIFIED GENERAL APPRAISER

Issued: September 3, 2020

Expires: September 30, 2021

DEPARTMENT OF LABOR AND REGULATION

BY:



### YEAR 2020 CERTIFICATE RENEWAL REQUIREMENTS:

- Complete renewal application.
- Pay the prescribed renewal fee
- The 2020-2021 7-HOUR NATIONAL USPAP UPDATE COURSE MUST BE COMPLETED DURING THE PERIOD OCTOBER 1, 2019 THROUGH JUNE 30, 2020

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[CONTINUING EDUCATION NOT APPLICABLE TO RECIPROCAL LICENSEES.]